

Analysis of the Internationalization Strategy of Peanut Butter Export Industry

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Abstract: Qingdao Food is the mainstream enterprise for exporting peanut butter from China. By analyzing the export situation of peanut butter from Qingdao Food Co., Ltd., analyze the problems and countermeasures of peanut butter export. Founded in 1950, Qingdao Food Co., Ltd. is a leading enterprise in Qingdao's food industry. In the long run, Qingdao Food Co., Ltd. has developed a large foreign markets with its peanut butter and cookies, but compared with other enterprises of the same type, Qingdao Food Co., Ltd. still has great deficiencies in its foreign export. This paper carries out a series of researches on the international strategy of Qingdao Food Co., Ltd. to further analyze its existing problems, and puts forward solutions or improvement measures on the basis of the researches, in order to a better promote the international trade of Qingdao Foodstuffs and accelerate the development of China's foreign trade in food industry products.

Keywords: International Trade, Food Industry, Enterprise Strategy.

1. Introduction

Qingdao Foods Co., Ltd. was founded in 1950, and its business scope includes the production of cookies, seasonings, confectionery products, etc. The company has a total asset of RMB 140 million. Qingdao Food now has total assets of RMB 140 million, covers an area of 132,000 square meters, and has 6,000 employees. The company has 22 advanced food production lines, mainly producing more than 100 varieties of cookies, peanut products, red bean products, chocolate candies, rice flour mixes, snack foods and other six categories. Our products not only have a high market share in China, but also exported to overseas.

Qingdao Food is a leading enterprise in China's biscuit industry. It has been recognized as one of the "Top 10 Enterprises in China's Baked Food and Sugar Products Industry (Cookies)" by the China Baked Food and Sugar Products Industry Association, and is also one of the drafting units of the national standard "Biscuits" (GB/T 20980-2007), which plays an important role in China's biscuit industry.

2. Internationalization Environment Analysis of Qingdao Foods Co., Ltd.

2.1. Analysis of the External Environment for Internationalization of Qingdao Food Co., Ltd.

According to the Qingdao Food Enterprise Register, Qingdao's food exports include cookies, peanut products and peanut butter. Among them, cookies are only sold in Korea, while peanut butter is exported to more countries. Therefore, the analysis of Qingdao Food's external environment will be centered on the analysis of peanut butter products in the international market.

From a policy point of view, exports should conform to the product specifications of the importing country. For example, Australia's import regulations state: "A nut is a dry, indehiscent, unicellular fruit with a hard skin. Nuts also include peanuts, which are strictly legumes, but are included

in the term "nuts" because of their common use. This means that if exported to Australia, the peanuts exported need to meet the criteria for nuts.[1]At present, the industrial policy of Qingdao's food products industry has not been adjusted significantly. At present, Qingdao's food products are located in the industry of industrial policy has not been significantly adjusted, import and export business is not subject to significant restrictions.

From the perspective of economic environment, the economic environment is also an important external environment for Qingdao Food. Export tariffs, currencies, finance, etc. all affect the export of enterprises. The impact of these external factors on Qingdao Food is relatively small, because the share of exports is relatively small compared to the total volume of its products, with exports accounting for only 6.63% in FY2022[2].As the business scale of Qingdao Food expands, the fluctuation of exchange rate may increase the net exchange gain or loss of Qingdao Food in the future, which may adversely affect the net profit of Qingdao Food. With the expansion of Qingdao Food's business scale, the fluctuation of exchange rate may increase Qingdao Food's net exchange gain or loss in the future, which may adversely affect Qingdao Food's net profit[3].

From the social point of view, leisure food is a kind of fast consumer goods, which is not only the main food, but also has the attributes of decentralization of categories, low threshold of manufacturers, delayed consumption and high consumption frequency. Qingdao Food's roasted and coated peanuts belong to the casual food industry. In 2022, China's per capita consumption of casual snacks will be 14 kilograms, while the global per capita consumption of casual snacks will be 27 kilograms per capita, which is nearly twice as much as China's, and even more than that of the United States and Japan, which will be 70 kilograms and 42 kilograms, respectively[4]. Although China's per capita consumption of casual snacks than the global level there is still a large gap, but compared with the world's leading consumer market for casual snacks, China's casual snack industry has huge room for development.

From the technical point of view, peanut butter in the

international market has the problem of excessive microorganisms. For example, on February 13, 2023, France reported that aflatoxin in peanut butter exported from the United States exceeded the standard through RASFF; On December 14, 2022, the Ministry of Food and Drug Safety (MFDS) of South Korea announced that aflatoxin in peanut butter products produced and sold by a food production and processing enterprise in South Korea exceeded the standard, and ordered it to stop selling and recall related products. On July 13, 2022, Belgium reported that the aflatoxin in peanut butter exported from India exceeded the standard through RASFF. For the treatment of unqualified products, the unqualified products detected will be taken measures to withdraw from the market[5].

From the perspective of the industry, at present, Qingdao Food's business model and competitive trends have not changed significantly, and there is no cyclical adjustment in the industry.

From the perspective of competitors, the main enterprises in the peanut butter market include Peanut Butter&Co., Peter Pan, Jif, SKIPPY, Planters, Adams, Trader Joe's, PBfit, Thrive Market, etc. Peanut butter of Qingdao food is not one of the mainstream brands. Therefore, the popularity of Qingdao food peanut butter is low. China is not the only peanut butter exporter, and the overall competition in the peanut butter industry is fierce.

2.2. Internal Environment Analysis of Internationalization of Qingdao Foods Co., Ltd.

2.2.1. Analysis of Qingdao's Food Economy Resource Capacity

Qingdao Foods Co., Ltd. is a key enterprise in the domestic light industry, and one of the top ten cookie enterprises in China's bakery and sugar products industry, and in March 2018, it was officially listed on the New Third Board. It mainly produces more than 100 varieties of cookies and noodles, peanut products, red bean products, chocolate candies, noodles and flour, and snack foods, etc. The products of Qingdao Foods are popular in the whole country and exported to overseas. Qingdao Foods has invested in 6 companies and has 5 branches. The enterprise has 16 patents and 41 trademarks. Among the trademarks, most of them are for food or convenience food, two are for medicine, two for beer and beverage, one for advertisement and one for finance and property management. The 16 patents include invention patents, designs and utility models.

According to the report released by Qingdao Foods, in the first half of 2023 Qingdao Foods Co. realized operating income of 252 million yuan company, an increase of 2.69% year on year[6]. As the company's brand awareness increases, as well as a series of effective measures to expand the market and increase market share, such as the construction of the company's out-of-province marketing center, live e-commerce platform. At the same time, the company has taken management measures to reduce costs and increase efficiency, such as improving the automation and intelligence level of production lines, so that the company's operational efficiency has been improved, after absorbing the increase in raw material prices and labor costs, the company's net profit increased by 34.38% over the same period of the previous year[7].

2.2.2. Analysis of the Products of Qingdao Food Co., Ltd.

Qingdao Foods has a total of 8 products, including: Classic Calcium Milk Biscuit Series, Years and Years Gift Box Series, Qingdao Foods Oatmeal Series, Peanut Butter Series, Qingdao Taste Boxed Series, Leisure Biscuit Series, Bean Paste Filling Series, and Qingdao Foods Gift Box Series.

Although there are nine kinds of Qingdao Food, but according to Qingdao Food's annual report, Qingdao Food's main products are cookies, the product type is relatively single, anti-risk ability is weak. The company's operating results depend largely on the sales of cookies, if the future competition in this area intensifies, or the industry's market environment has systematic adverse changes, or consumer acceptance or tastes change significantly, will have a negative impact on the company's production and operation and performance. At present, the company's cookies and peanut butter sales have not undergone substantial changes or suffered stagnation, the main product of calcium milk cookies, the capacity utilization rate and production and sales volume is generally high.

For Qingdao Foods product strategy, Qingdao Foods will continue to upgrade existing products, and in accordance with the company's planning and market demand for new products to the market; secondly, using the company's brand advantages and management advantages, and constantly increase the casual food, health food, new products, such as the national tide of R & D and launch efforts; thirdly, the company will be in accordance with the established plan, and constantly to the market to launch new products, such as In 2022, the company will launch oatmeal crispy series products, chitosan calcium milk cookies with marine elements, and combined with the advantages of coastal resources, the development of products reflecting the characteristics of the sea [8], according to the market situation to the successive launch of infant and young children's complementary food products, new products of the national tide and gift box products, and so on.

2.3. Boston Matrix Analysis for Overseas Markets

Qingdao Food produces only two types of products: peanut butter and cookies. Based on the product portfolio of Qingdao Food Co., Ltd, the following is a Boston Matrix analysis of the overseas markets for its products.

(1) Star product: peanut butter. Peanut butter is the star product of Qingdao Foods Co. In the domestic market, peanut butter occupies a large market share in the nut products category and has been recognized and accepted in overseas markets. Peanut butter is a high-growth, high-market share product.

(2) Question mark product: cookies. Cookies are Qingdao Food's main source of income and are a cash cow in the domestic market, but they are a question mark product because they do not sell well abroad. Although cookies sell well in the domestic market, they do not perform well in the international market and face fierce competition. Therefore, cookies are a high-growth, low-market share product.

Based on the above Boston Matrix analysis, Qingdao Food Co., Ltd. has only two types of products in overseas, firstly, the product type is single, and the anti-risk ability is insufficient. Secondly, the revenue of overseas market is not good, lack of cash cow products that can maintain the revenue, and rely on the domestic market sales to subsidize. Therefore, Tsingtao Video should focus on developing the market share

of its question mark product, cookies, as well as building on its star product, peanut butter, to promote its sales in the international market.

3. Problem Analysis of Internationalization Strategy of Qingdao Foods Co., Ltd.

3.1. Low International Brand Awareness and Weak Competitiveness

The strategy of national centrality would have caused the problem of low recognition of foreign products in overseas markets, and Tsingtao Foods did not make use of its strengths to compensate for this disadvantage. According to the analysis of Qingdao Food's environment, its main sales come from Shandong province, and its main promotion work is also concentrated in Shandong province. Although in 2022, Qingdao Food gradually focuses on the national market and has launched a national marketing program, but it will take some time for the results to be effective. Qingdao Food also lacks an international marketing program. According to the information collected so far, Qingdao Food has only two overseas promotion activities, which mainly rely on the brand promotion program of Qingdao City, which shows that Qingdao Food's international promotion is very lack of, and lack of the company's own overseas promotion program.

3.2. Poor Adaptability of Products to the Needs of Local Markets in Host Countries

Qingdao Foods adopts a country-centered strategy, which means that it sells its own products to the outside world. The main market for its products is Shandong Province, China, so most of its product design is based on the habits of consumers in Shandong Province, and its product development is mainly oriented to the Chinese market. Tsingtao Foods' peanut butter comes in five flavors: sweet, salty, granular, non-granular and smooth. Although the peanut butter in the international market is mainly divided into two types: smooth and coarse, there are still some differences in terms of sweetness and so on. Along with the development of economy, the behavioral habits of consumers are constantly changing. In the face of fierce market competition, Qingdao Food's peanut butter cannot be differentiated according to the local market of the host country and cannot provide localized products for the host country market, which will inevitably bring a great threat to the company.

3.3. Poor Overseas Sales

With the continuous growth of the company and the development of the logistics industry, Qingdao Foods has also focused its attention on the international market. Although Qingdao Food's sales performance is outstanding, the main sales come from Shandong Province, with low sales outside the province and even lower sales overseas. In the international market, Qingdao Food's main source of income comes from peanut butter, which only accounts for 9.11% of the total income, indicating that the main export product (peanut butter) export volume is low, Qingdao Food's overseas sales are not good.

3.4. Risks in the Internationalization Strategy of Qingdao Food Co., Ltd.

The internationalization of an enterprise involves certain

risks, and as it enters the international market, the risks faced by the enterprise will continue to appear and cause impacts and losses to the enterprise. According to Qingdao Food's internationalization strategy and market situation, the following internationalization risks exist.

(1) Inadequate risk management: Doing business in the international market may mean facing more risks. For example, political risk, exchange rate risk, legal risk and so on. If the risk management system is not sound, the company may face serious losses.

(2) Competition risk: The international market is highly competitive, and there is a possibility that the competitors are more specialized, lower cost, and more well-known brands. If Qingdao Food cannot adapt to the competitive environment of the international market, it may lose its market share.

(3) Cultural differences risk: Different countries have different cultures, values and business practices. Failure to understand and adapt to local cultural differences may lead to misunderstandings, lack of trust and breakdown of business relationships.

(4) Risk of laws and regulations: Different countries have different laws and regulations, which may affect Qingdao Food's operation in the international market. If the company fails to familiarize itself with and comply with local laws and regulations, it may face heavy fines or business suspension.

(5) Market risk: The global economic environment is unstable and market demand may change, so Qingdao Food's business in the international market may be more affected. If the company does not have corresponding strategic countermeasures in the market downturn, it may suffer losses.

4. Advancement of the international strategy of Qingdao Foods Co., Ltd.

4.1. Brand Image Upgrade

4.1.1. Improvement of Brand Positioning and Communication Strategies

By re-examining and repositioning the Qingdao Food brand and developing a corresponding brand communication strategy. Ltd. products through the brand story, core values and brand image, to convey the uniqueness and value of the brand to the international market, to establish a consistent brand image. For example, by highlighting Qingdao's centuries-old history and the visual effects of red tiles, green trees, blue sea, blue sky and Laoshan Mountain, and combining it with the trademark of Qingdao Foods Co., Ltd. of "Qingdao Foodstuffs Trestle" as shown in Fig. 5-1, the company relies on Qingdao's international popularity to create a brand symbol that is novel and in line with the trend of the times. We also utilize a variety of channels and media for advertising, publicity and marketing promotion to increase brand awareness.

4.1.2. Establishment of Partnerships

Qingdao Foods Co., Ltd. can establish close cooperation with local partners in Qingdao, such as Qingdao Beverage Group, Qingdao Beer, Lighthouse Taste and other local enterprises with Qingdao characteristics, or use the Qingdao Food Industry Association as a platform to capitalize on its resources and channel advantages in the international market. We can consider establishing cooperation with local distributors, retailers and agents abroad to jointly promote and sell our products, so as to increase the market coverage and penetration of our brands.

At the same time, the partner companies can also combine

their products and sell them in the form of "Qingdao Gift Packs" for bundled promotions, binding the concept of Qingdao food products with other well-known industries in Qingdao and deepening the impression of Qingdao food products on customers.

4.2. Improvements to the Product Matrix

4.2.1. Product Matrix Adjustment

According to the actual situation of Qingdao Food, we can understand the demand and preference for food products in different countries and regions through market research and analysis, so as to adjust the product matrix according to the market demand. For example, for the United States to adjust the sugar content and taste of cookies; the use of aspartame, chitosan and other sugar substitute additives to replace sugar ingredients, the development of green, healthy, non-GMO high-priced products; for the European market to increase the product line of salty, crunchy snacks; or with the best export situation, and also belongs to the Qingdao Food Industry Association members of the Qingdao Brewery to launch a matching product, and on this basis for the product matrix, the company can also make adjustments in accordance with market demand, to ensure that the product matrix is not only a good choice, but also an ideal solution. On this basis, we will keep tracking and adjusting the optimization effect of the product matrix.

4.2.2. Product Mix Optimization

Qingdao Foods can optimize its product portfolio by eliminating low-efficiency products, adjusting product prices, improving product packaging and improving product quality. Specifically, the company can through market research and competitive analysis, to understand the market changes in consumer demand and competitors' advantages, and then streamline the product line, focusing on those products with high profitability and high market demand, in order to improve the profitability of the entire product line. At the same time, consider how to combine different products together to form a product portfolio with differentiated competitive advantages. In determining the product mix, need to consider the complementary and competitive products, so as to form a mutually reinforcing combination. For example, peanut butter and cookies can be sold together, which can satisfy consumers' tastes and increase product sales and profitability.

4.3. Advancement of the Internationalization Strategy

4.3.1. Participation in International Commodity Exhibitions and Events

Qingdao Foods can display its products and conduct face-to-face communication and negotiation with potential customers and partners by participating in relevant international food exhibitions and trade events that are more influential in the target market. This will help the company expand its international business network and increase its visibility in the international market. Qingdao Food's product quality and price-performance ratio are among the best in the world, but its international popularity and market recognition are relatively low. By participating in the exhibition, Qingdao Food can directly and precisely push its products to the target customers and increase the visibility of its products.

4.3.2. E-commerce and Online Sales

At present, Qingdao Food has begun to conduct e-

commerce sales activities through third-party platforms in the domestic market. In Taobao, Tmall and Jingdong Mall, Qingdao Food has set up product stores and achieved good revenue results in cooperation with e-commerce marketing activities. Qingdao Food can actively use e-commerce platforms and online sales channels to explore foreign markets, establish a user-friendly online shopping mall, or cooperate with third-party platforms with more foreign users such as Ebay and Amazon to open stores, provide convenient shopping experience, and conduct online e-commerce marketing activities to attract foreign consumers.

4.4. Risk Management and Avoidance

4.4.1. Identification and Assessment

Comprehensive identification and assessment of potential risks, including political risks, exchange rate risks, legal risks and market risks. Understanding the source, probability and degree of impact of risks helps to formulate appropriate risk management strategies.

4.4.2. Monitoring and Response

Qingdao Food needs to establish an effective risk monitoring mechanism in foreign markets, and conduct regular risk assessment and monitoring. Timely countermeasures, such as formulating emergency plans, adjusting market strategies, and adjusting product portfolios, are taken to cope with the changes and challenges of risks.

4.4.3. Diversified Markets and Products

Qingdao Food needs to diversify its markets and products to avoid over-dependence on a particular market or product. Nowadays, there are many political and customary risks in international trade. By exploring markets in many countries and regions and launching diversified product lines, we can diversify the risks, avoid possible commercial disasters and reduce the risk exposure to specific markets or products to ensure the sustainability and risk-resistant ability of our export products.

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