

LEVEL 7 ASSESSMENT SPECIFICATION

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UWTSD MBA (May/Nov 2020 intakes)
BMMB7009 Global Business Challenges

Assignment Title: Analytical Report – Organisational Strategies in a Covid-19 World

“I, Lok Yee Veronica Ng (student no.: 2019398), certify this work is the result of my own investigations, except where otherwise stated.

All references have been duly cited”

Signed:  _____

Date: 19 February 2021

Synopsis

The Covid-19 outbreak has caused a significant recession to the global economy and many corporates have been suffering from the impact of this downturn. This report discusses not only the adverse impacts of the pandemic faced by Vitasoy but also the opportunities that might enhance its business. It is recommended that Vitasoy should incorporate more aggressive strategies, including market and product innovation in its business plan to maintain business continuity.

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1 Introduction

This report focuses on the strategies of Vitasoy International Holdings Limited (Vitasoy) to maintain business continuity under the Covid-19 outbreak epidemic situation. The following section explains the reason for performing this study and introduce the methodology adopted.

1.1 Research motivation

Since the beginning of 2020, our life has been surrounded by a new term, ‘Covid-19’, which influences all aspects in human activities, including health, social, economy, or even human behavior. The infected cases over the globe keep accumulating and the daily news has repeatedly notified the public that how this crisis has negatively impacted our society. In 2020, according to the International Monetary Fund (2021) when many countries in the world experienced a negative growth in the real gross domestic product (GDP), China was able to maintain a positive growth due to its effective containment in the virus in the first half of the year.

At the industry and firm level, different containments on virus control have severely impacted the whole business environment which resulted in a significant shrink in sales and total revenue. Without surprise, Vitasoy also faces the same business difficulty. However, the responses and approaches to handle such crisis varies in different companies. The health threat creates a new normal to human activities result in an adverse economic environment, and how would the companies solve the new business challenges under such new normal becomes the research motivation of this paper.

1.2 Research framework

This study aims to analyze the challenges faced by Vitasoy and to evaluate its strategies to ensure business continuity under the Covid-19 epidemic situation. The company website, published annual and sustainability reports are used to describe the operation of Vitasoy and its current business performances under the pandemic. The collection of historical economic data, market research reports and field observations environment give a better idea on the current market environments. Furthermore, tabulation and graphical illustrations are used to facilitate the analysis.

In this paper, the research question is firstly identified as stated in Section 1.1. Literature review is performed to support the views on such research question followed by designing the research methodologies. Once the research framework has confirmed, data collection starts accordingly and relevant information is collated for analysis. Quantitative data analysis is used when gathering varies numbers that need to be summarized and trends evaluation whereas qualitative data analysis focuses on articles, reports and observational data that describe the market environment, in which both analyses consist of interpreting findings to support the research purpose. Conclusion and recommendations based on the findings are provided to achieve the research aim.

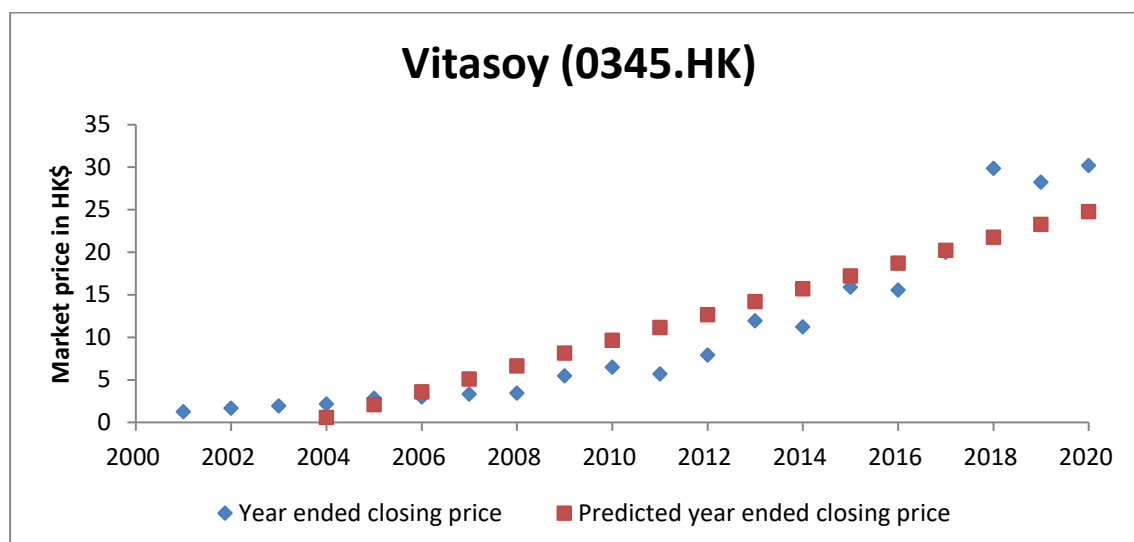
2 Company background

Vitasoy is a well-known Hong Kong consumer goods brand with over 80 years of history in the market. The company headquartered in Hong Kong and is listed on the Hong Kong Stock Exchange with more than HK\$38 billion market capitalization (Yahoo finance, 2021) as of this report date. This section will give a brief introduction to the history and the current performance of the company.

2.1 History in Hong Kong

Vitasoy (2020(c)) is founded by Dr. Lo Kwee-seong in 1940 and started with supplying soya milk, aiming to provide nutritious and high protein beverage to fight against malnutrition among the Hong Kong population at that time. The company later brought in new sterilization and packaging technology to its product to extend the shelf life of soya milk and enhance distribution and revolutionized the business due to its convenient and hygienic packaging. With its success in the beverage market, the company expanded its business to other drinks like juice and ready-to-drink lemon tea in the 1970s. Not limited to its products, the company also strengthen its business by acquiring new production plants inside and outside Hong Kong and later listed on the Hong Kong Stock Exchange in 1994. The company has now established as a globalized brand with different products including soya milk, tea, juice, milk-beverage, tofu, etc. stocked by stores and supermarkets in over 40 countries around the world (Vitasoy, 2020(b)).

Chart 1 Vitasoy share price trend



Source: Yahoo finance, 2021

Chart 1 demonstrates Vitasoy's share price trend in the past two decades. Due to its listing status, the company's performances also exposed to changes in the global financial market. The world experienced a financial crisis resulted from the subprime mortgage crisis happened in the United States in the late 2000s, thus, the performances of the company's stock price also impacted by such economic recession. Its stock price further attacked by the stock market crashes in 2011 due to the debt-ceiling crisis in the United States and the Greek government-debt crisis. It took a few years for Vitasoy's stock price to gradually recover from these financial crises.

2.2 Product portfolio

Vitasoy has developed two major brand name, 'Vitasoy' and 'Vita', in promoting their own products. 'Vitasoy' mainly focus on plant-based products whereas 'Vita' includes different types of ready-to-drink tea, juice, water, milk beverage and Chinese special drinks. Soya related products have been the iconic product manufactured and distributed by the company. Its plant-based beverages products attributed over 90% of its product portfolio as at the FY 2019/20 (Vitasoy 2020(b)) and are available for sale in the global market.

Table 1 Food and beverage sales by region

(in million)

Fiscal Year	2019/20		2018/19		2017/18	
	HK\$	%	HK\$	%	HK\$	%
Mainland China	4,504	62.3	4,628	61.5	3,700	57.2
Hong Kong operation	2,108	29.1	2,264	30.1	2,159	33.4
Australia and New Zealand	502	6.9	522	6.9	502	7.8
Singapore	119	1.6	112.0	1.5	104	1.6
Total	7,233	100.0	7,526	100.0	6,465	100.0

Source: Vitasoy, 2020(a), pp.160; Vitasoy, 2019(a), pp.148

Table 1 shows Vitasoy's distribution of revenue during the preceding three FYs. The geographical analysis is based on the major manufacturing locations and its relevant sales markets. Around 60% of the company's revenue is generated from Mainland China where soya milk, tea and juice are available in the market. A past interview from a regional manager of Vitasoy mentioned that the company's lemon tea and soya milk products each contributed about 50% of its revenue in mainland China in 2018 (Third Bridge, 2019). The storm created by the Covid-19 outbreak in the first quarter of 2020 has reflected in FY 2019/20 in which Wuhan is one of Vitasoy core manufacturing and operating region, but the company regional revenue allocation did not see material change and Mainland China remains its largest retail market.

Meanwhile, the production lines located in Hong Kong not only serves the local market but also supplies the Macau market and export of beverages. The Hong Kong operation is providing the largest types of commodities for the market including soya milk, water, tea, juice, milk-beverage, tofu, etc. Regions with smaller distribution of revenue focus on specific products, i.e. sales in Australia and New Zealand are mainly soya milk and other plant milk beverage, whereas sales and exporting in Singapore focus on soya related products.

Table 2 Product portfolio

Fiscal Year	2019/20	2018/19	2017/18
Attributing:	%	%	%
Plant-based beverage	91.0	90.0	89.5
Nutritious plant milk beverage	96.0	93.0	90.0
"Low fat" or "low saturated fat and zero trans-fat" beverage	94.0	93.0	92.0
"Moderate to zero sugar level" beverage	80.0	76.5	68.0

Source: Vitasoy, 2020(b), pp.18; Vitasoy, 2019(b), pp.20; Vitasoy, 2018(b), pp.12

The Covid-19 outbreak does not bring significant change in Vitasoy product portfolio as shown in table 2, in which the company has consistently increased its plant-based and healthy style beverage over the last three FYs. A past interview from the chief executive officer, Mr. Guidetti has mentioned that the company would keep its product portfolio to be very simple by heavily focusing its business on soya milk (China Beverage News, 2017). Vitasoy has developed a health and nutrition strategy and set itself key performance indicators till 2026 to sustain plant-based nutrition in their products. The company aims to maintain over 90% of its beverage being nutritious plant-based and increasing the proportion of low fat and zero sugar beverage by reformulating its products with more protein, vitamins and minerals (Vitasoy, 2020(b)). However, this also indicates that the company's revenue is highly concentrating on the plant-based beverage, and any adverse event happening in its beverage products i.e. contamination in the production process, change in customers' taste preference, etc. would have a material impact to its business performances.

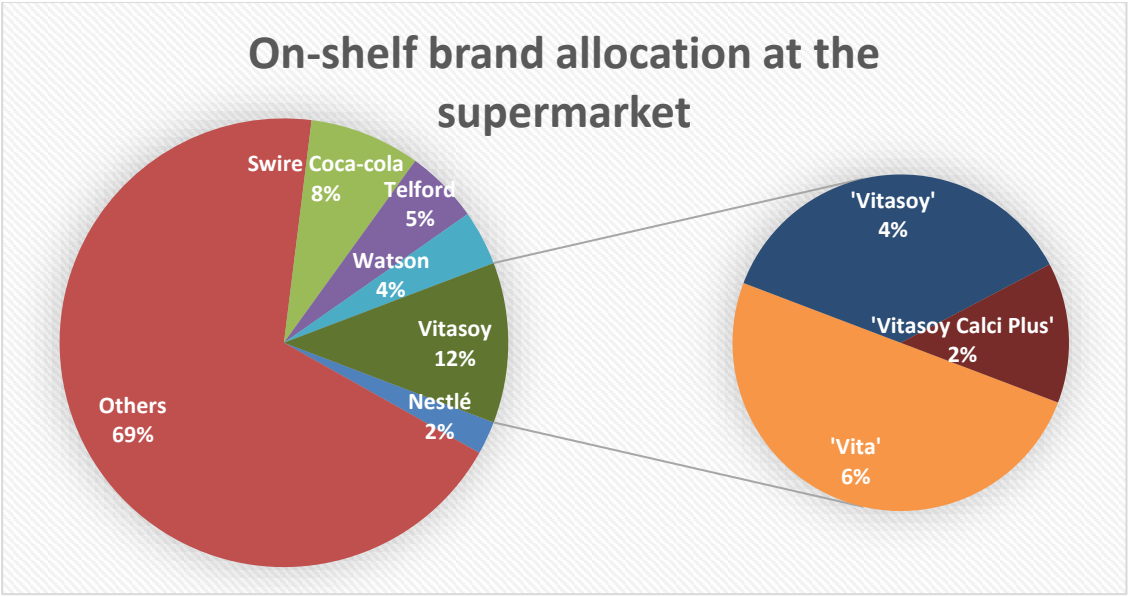
2.3 Industry competition

Majority of Vitasoy's products fall into the non-carbonated soft drinks category which covers all types of water-based non-alcoholic drinks that are not artificially carbonated. The development of the non-carbonated soft drinks market in Hong Kong is steady and expected to reach compound average growth rate ("CAGR") of 5.9% within the next five years (Statista, 2020).

Vitasoy’s early start in Hong Kong secures itself a leading position in the beverage market. According to Phillip Capital (2019), Vitasoy achieved 70% market shares in soya milk market and 30% in lemon tea market in Hong Kong. The top players in the soft drinks market remained unchanged despite the epidemic impact and Vitasoy is one of the top five players in Hong Kong, with key competitors including Swire Coca-Cola, AS Watson, Telford and Nestlé in 2020 (Euromonitor, 2020). These companies’ long existence and strong brand awareness in the Hong Kong market has helped them sustain their position even during the economic downturn.

For Vitasoy, its large varieties of products and different types of packaging provide varies options for consumption. Most of Vitasoy products are classified as ready-to-drink category at the supermarkets which refers to packaged beverages that can be consumed upon purchase. By direct observation to the online store of ParknShop in mid-January 2021, 12% under ready-to-drink beverage attributed to Vitasoy line products, which is the highest as compared to its key competitors.

Chart 2 On-shelf brand allocation at the supermarket



Source: ParknShop online store, 2021

Different from its rivals, the brand name of Vitasoy is more than a commodity brand but also a collective memory to the Hong Kong citizens. Its existence during the growth of different generations and popularity in various age groups helps to tie emotion connection to its products, which becomes one of the icons that represent the history of Hong Kong. Alongside with the company's long history, the success in branding also attributed to its large proportion of nutrition beverage compared to its competitors as its products are suitable for a wider range of customers, from children to elderlies, which helps to develop regular drinking habits among target consumers. Nowadays, a box of Vitasoy soya milk is still one of the popular options when people need a quick breakfast to cope with their busy daily life.

However, although Vitasoy gained an advanced position in the soya milk market as mentioned above, Chart 2 also indicated that the variety of beverage choices are so large that even Vitasoy's leading market position in a particular category cannot obtain a dominant on-shelf position at supermarkets. The high degree of substitute commodities available creates a competitive beverage market in which customers can easily shift their beverage consumption to other brands.

This section illustrates that Vitasoy has high dependents on a particular product category and competing with a large volume of substitute products in a competitive beverage market. Any changes in customers preferences would make its business weaknesses prominent, and the epidemic situation could further expose such weakness that eventually influences its business performances.

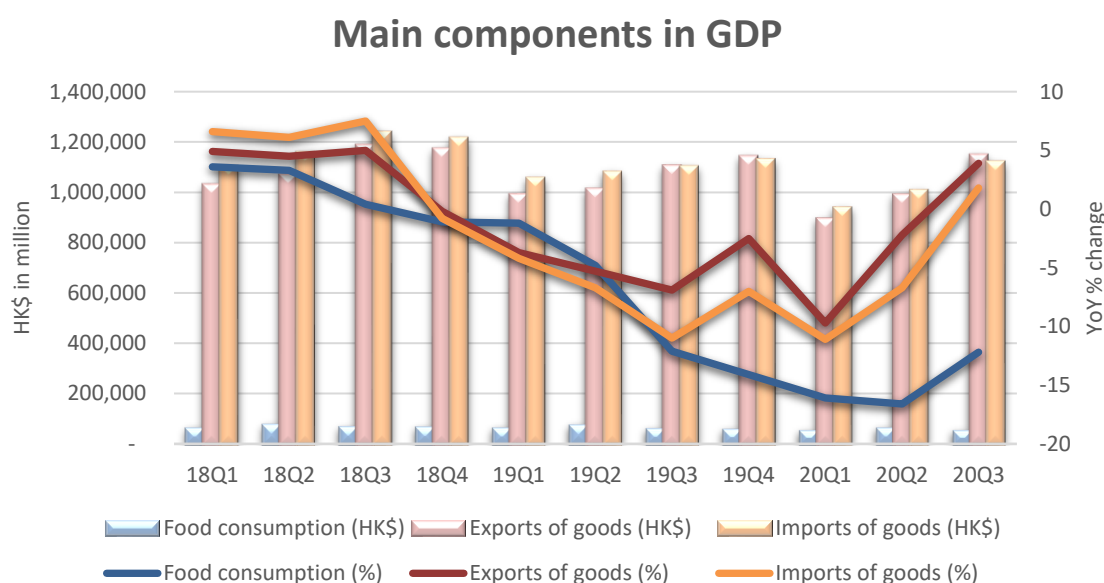
3 Company's business performance amid the economic disruption due to the Covid-19 outbreak

The Covid-19 outbreak since January 2020 has brought a material attack to the Hong Kong economy. This section will focus on the impact on Vitasoy's performances under this severe business environment.

3.1 Macroeconomic environment

The Hong Kong economy is experiencing a significant decline in 2020 in which the GDP on year-on-year basis (“YoY”) has been decreasing since the beginning of the year. Even though the decline in GDP in the fourth quarter has narrowed down to 3.0% YoY as compared to 9.1% YoY in the first quarter of the year, the overall GDP faces a decline by 6.1% YoY in 2020 (Census and Statistics Department, 2021). The discussion below will focus on a few elements within the GDP which has a direct influence on the business of Vitasoy.

Chart 3 Main components in GDP

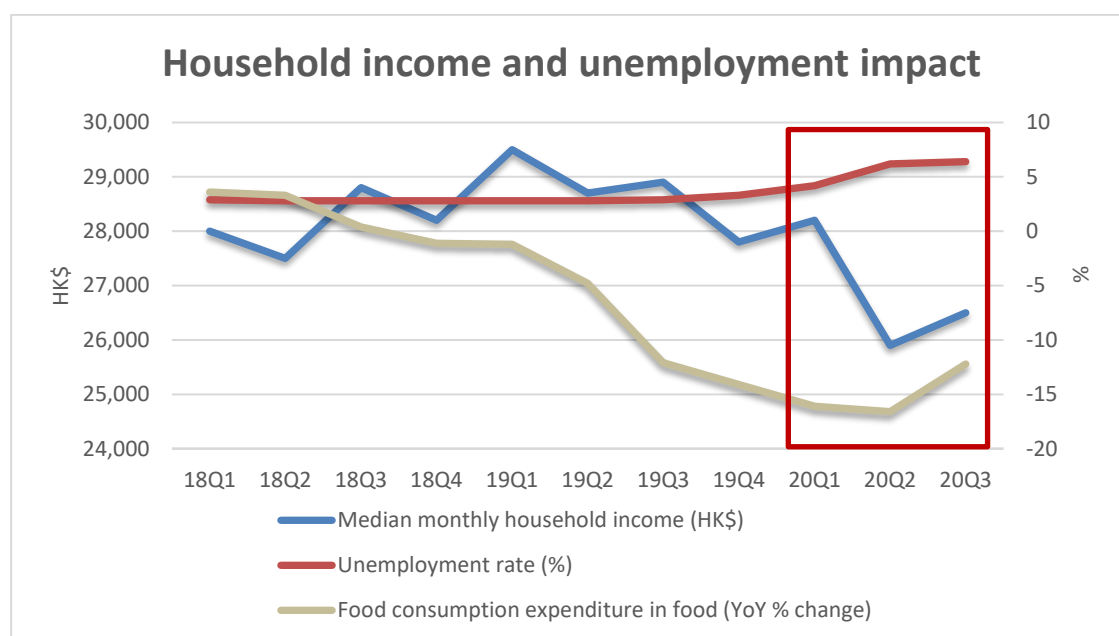


Source: Census and Statistics Department, 2021

Vitasoy has manufacturing plant in Hong Kong which depends on importing raw materials for production and the performance of import goods can affect the supply of its essential raw materials. The import goods suffered from a significant decline, i.e. 11.1% YoY, in the first quarter of the year. Even though the figure is slowly recovering since then, the result in the fourth quarter is highly depended on the impact on the productivity in the foreign countries and the desire to consume in the local market during the time when Covid-19 reaches a high infection rate again in the winter which could fluctuate Vitasoy’s production costs.

The revenue of Vitasoy in the Hong Kong operation depends on local consumption and export. When the world was first experiencing the challenges brought from Covid-19 at the start of the year where lockdown and social distancing measures were in places in different regions, Hong Kong domestic consumption on food and exports of goods had experienced a serious impact with a decrease in 16.1% YoY and 9.7% YoY respectively in the first quarter of the year. Although the decline in both statistics seems to be slowing down in the third quarter as compared to the beginning of the year, the rebounds in the infected cases in many northern hemisphere regions, including Hong Kong, in the fourth quarter forced the governments to impose tightened social distancing measures, which is expected to bring negative impact to Vitasoy's revenue in the rest of the period.

Chart 4 Household income and unemployment impact

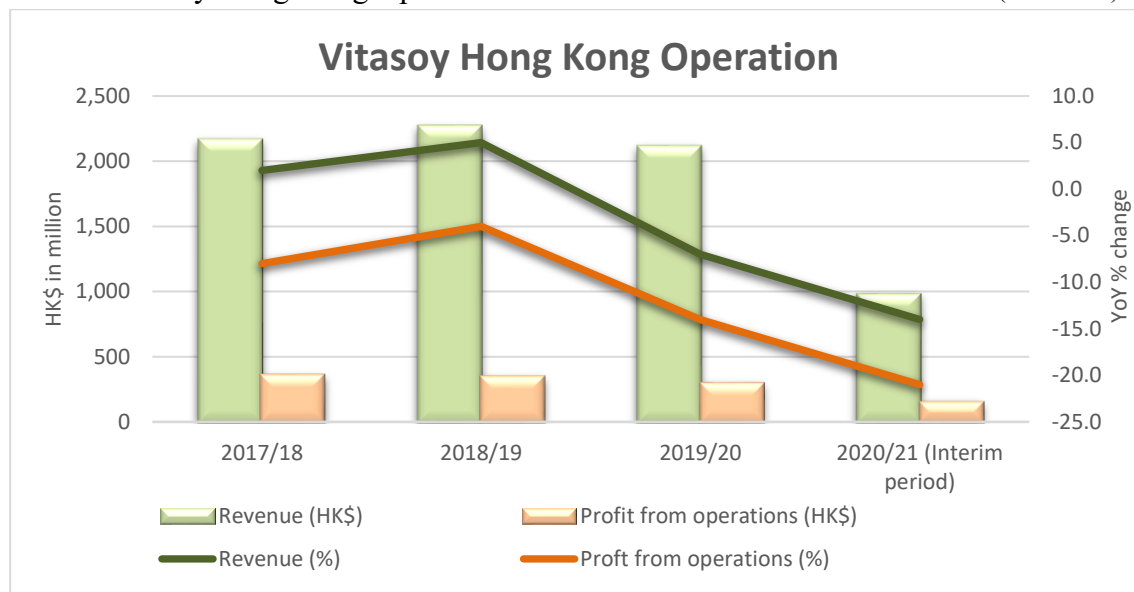


Source: Census and Statistics Department, 2021

At the same time, the median monthly household income in Hong Kong has significantly decreased by 8% in the second quarter of the year, despite the figure improved in the third quarter, such income still striped by 6% as compared to the first quarter. Meanwhile, the unemployment rate has increased by about 3% since the end of 2019 and it is expected to climb further which reaches its highest point after 17 years. Thus, domestic consumption has been largely affected by such adverse positions in the household income since the beginning of 2020.

Chart 5 Vitasoy Hong Kong Operation

(in million)



Source: Vitasoy, 2020(d), pp.11; Vitasoy, 2020(a), pp.18; Vitasoy, 2019(a), pp.18; Vitasoy, 2018(a), pp.20

By reference to Vitasoy financial results in Hong Kong operation in Chart 5, the business performances share a similar downward sloping trend with the main components in GDP in the same period as presented in Chart 3, and its alignment with the food consumption pattern was getting closer since 2019. Together with the significant decline in the median monthly household income and the worsening unemployment rate in 2020 as shown in Chart 4, Vitasoy revenue and profit from operations (excluding government subsidies) recorded its largest decrease in the latest four FYs. This indicates that the macroeconomic trend has high correlation to the business performances pattern of the company.

3.2 The cost structure

Although the uncertainties brought by Covid-19 are numerous, its impact is still regarded as short-term as the public is expecting business activities will gradually recover once the vaccines are available in 2021. In short run, variable production factors can affect Vitasoy's cost structure and the company has adopted a tightened cost control during the period (Vitasoy, 2020(d)). The following has listed out changes of certain key production cost components during the pandemic period.

Table 3 Key production cost components

(in million)

Fiscal Year (interim period Mar-Sep)	2020/21	2019/20	Variance
	HK\$	HK\$	%
Cost of inventories	1,999	2,128	-6.1
Staff costs (before government subsidies)	70	71	-2.2
Warehouse expenses	31	32	-1.7

Source: Vitasoy, 2020(d) pp.35-36

Vitasoy business is based on plant-based products, raw materials such as soyabeans, tea leaves and other plant-based ingredients are its key raw materials and formed part of the cost of inventories. In particular, the manufacturing plant in Hong Kong has been using whole soyabean from Canada as part of their beverage formula since 1940. In 2020, the Canadian soyabean supply has certain degree of impact during the pandemic period, in which the volume of soyabean exported to Hong Kong has been decreasing (reflecting in the decrease in import goods as mentioned in Section 3.1) and the average price has raised to its 4-year highest at around CAD\$ 794 per tone (Canadian Oilseed Processors Association, 2021). As the source of soyabean will affect the distinctive taste of the products, Vitasoy is unlikely to shift its soyabean supply easily which formulated a less price elastic on its demand for raw material. Therefore, such price increase in soyabean will be directly absorbed in the cost of production.

The Hong Kong government launched an Employment Support Scheme to provide wage subsidy to employees from preventing large scale of laying off under the hardship. Vitasoy has also participated in the scheme and received subsidy of around HK\$ 75 million to secure the workplaces for more than 1,000 employees for 6 months (ESS, 2020). Thus, the company is lawfully bounded to maintain the level of employees during the subsidized period which no labor cut is allowed for reducing its production cost. By excluding the government subsidies, the company's operating profit has declined by 21% YoY in the Hong Kong during the first half FY 2020/21.

Even though the Covid-19 outbreak has shrunk the economy, the company cannot benefit from any production price reduction in which tightened cost control is required to release some of its operating pressure that has negatively affected the business performances.

3.3 The revenue structure

Revenue is directly influenced by the quantity demand on commodities. The law of demand explains that consumers' income level, future expectations and the number of customers in market are some of the factors that change the quantity demanded. The theory can be applied to explain the decline in food consumption as shown in Chart 4, in which the change in factors such as consumers' income level and future expectations have negatively affected the quantity demanded for commodities. As mentioned in Section 3.1, the reduction in household income attacked the consumers' income level, furthermore, the public shows heavy concern on the time when the economic activities can back to normal due to different types of social distancing measures imposed for virus containment have impacted customers' future expectations.

At the corporate level, the negative alter in consumers' income level and future expectations would also influence the quantity demanded for Vitasoy products resulting in a drop in revenue. Apart from that, the number of customers demanded for Vitasoy's products has further reduced by the long period of school closure and class rescheduling as part of its sales attributed to school tuckshop business. These changes under the Covid-19 outbreak impacted the revenue of Vitasoy as stated below:

Table 4 Food and beverage sales by region (in million)

Fiscal Year (interim period Mar-Sep)	2020/21	2019/20	Variance
	HK\$	HK\$	%
Mainland China	3,136	3,244	-3.3
Hong Kong operation	977	1,137	-14.1
Australia and New Zealand	237	248	-4.2
Singapore	60	56	7.4
Total	4,410	4,684	-5.9

Source: Vitasoy, 2020(d) pp.32

This illustrated that the change of consumers' income level, future expectations and the number of customers resulting from the pandemic in Hong Kong has significantly impacted the company's revenue. The Hong Kong operation recorded the largest decline among all regions, i.e. 14% YoY, in the interim period and will face ongoing pressure in the second half of its FY as the situation does not see any significant improvements.

4 Analysis and discussion

The health crisis starting from 2020 forced every sector within the economy to adopt new business practices during the economic downturn. The following section will analysis the challenges faced by Vitasoy and strategic approaches that can implement under the epidemic.

4.1 Challenges facing the company

4.1.1 Costing challenges

Different from Vitasoy's manufacturing plants located in the Mainland China and Australia which have a more secured raw material supply from local contracted farms and suppliers (Vitasoy, 2020(b)), the production in the Hong Kong operation is highly depending on import and will impact by any Covid-19 measures imposed by the exporting countries that destabilizing the supply chain which would result in fluctuation in production costs.

To ensure local food security at the beginning of the Covid-19 outbreak, many countries have imposed agricultural export restrictions to preserve domestic supply. As being an important source of direct and indirect protein, soyabeans was listed as one of the restricted foods, where the Eurasian Economic Union announced to impose a temporary export ban outside its union states in the second quarter of 2020 (Global Trade Alert, 2020). The potential escalation in global food prices by export restrictions could have a multiplier effect as compared with the initial Covid-19 shock and is particularly costly to import food dependent (Espitia, Rocha and Ruta, 2020). Therefore, even though the suspending countries does not contain Vitasoy's major supplier, Canada, such changes in trade policy due to the pandemic could still have influenced its raw material cost. This could be part of the reasons causing the increase in average soyabean price as mentioned in Section 3.2.

Other safety measures imposed for containing the pandemic also affected the whole production process. For example, the severe attack in the global food supply chain from farm labor to logistics (OECD, 2020), reinforced hygiene guidelines in food processing, quarantine and sanitization measures for workers (Vitasoy, 2020(d)), etc. These are additional cost bearing challenges to Vitasoy which does not require to confront in the

pre-pandemic period.

Therefore, Vitasoy has been facing tremendous pressure in the rise of production cost during this economic downturn, in which the company imposed tightened cost control to tackle this difficulty.

4.1.2 Pricing challenges

The law of demand and the law of supply have supported that the commodity price has an inverse and direct relationship with the changes in quantity demanded and supplied for Vitasoy's product. As explained in Section 3.2, the company has been facing consistent increase in direct production cost which create high inducement to reduce its quantity supplied. Meanwhile, the quantity demanded for its products has directly impacted from the changes as mentioned in Section 3.3. These factors would force the company to consider any price adjustments is required during the pandemic period.

Despite the basic requirement for food and the average price per item is relatively low as compared with other commodities have created a less price elastic demand in the beverage market, according to Section 2.3, Vitasoy is facing keen competition within the market as there are lots of substitute goods available. Thus, Vitasoy products are more price elastic in demand as compared to the whole beverage market. The customers' demand is more vulnerable to price changes, any price increase results from the reduce in quantity demanded and supplied for Vitasoy products will lead to a greater negative impact to the total revenue generated by the company than the beverage market in general. On the other hand, sales volume might not increase as predicted even Vitasoy set a price ceiling that is below the equilibrium price since this could attract its rivals to join the pricing competitions which reduce the impact on such pricing strategy.

As such, it is difficult for Vitasoy to achieve better business performances by simply adjusting the product selling prices due to the characteristics of the competitive beverage market.

4.1.3 Market sharing challenges

The Hong Kong market seems difficult to expand as it is relatively mature, Vitasoy revenue change has stayed flat since Mainland China replaced Hong Kong's position as the company's revenue engine in FY 2015/16 (Vitasoy, 2016). Even worse, by reference to Chart 5, the Hong Kong revenue is gradually reducing since FY 2018/19 which create a potential threat in losing its existing market position in the market. Byoun and Xu (2016) have suggested that companies which have abilities to invest during a crisis could enjoy growth in market share, especially within competitive industries and firms with high substitute product rivals. Therefore, it would be an opportunity for the company to enhance its market share during the time when competitors reduce their investment for future expansion or replace its weaker rivals that are not able to sustain during this economic hardship.

Yet, the company's operation is suffering from the decline in business as mentioned in Section 3.2 and 3.3 and have re-phased its planned investment schedule due to the pandemic condition (Vitasoy, 2020(d)). It is a challenge for Vitasoy to allocate sufficient resources during this economic downturn to both operation and investment, for sustaining or even improving its market position in the post-pandemic era.

4.2 Strategies to ensure business continuity under the Covid-19 epidemic situation

To identify the competitive position of Vitasoy during the Covid-19 epidemic situation, a SWOT analysis is performed to serve as the foundation to develop achievable business continuity plans.

Strengths	Weaknesses
• Strong brand awareness • Healthy oriented products • Experienced soyabeans processing techniques	• Concentration on beverage product • Rely on a particular source of raw material, i.e. Canadian soyabeans • Lower capacity to expand in a mature beverage market
Opportunities	Threats
• Home-cooking trend • Increase in health awareness • Replace weaker rivals that have difficulties to sustain in this downturn	• Massive substitute products • Virus containment policies that restrict human activities

4.2.1 The business continuity plan

Based on the above analysis, the business continuity plan is developed in two directions as described below:

(i) To sustain quantity demand for Vitasoy products

The pandemic has shaped a new consumption practice in daily life, in particular, customers have shifted from dining out to home cooking due to safety concern which creates 'stay-at-home economy' and is believed that this will continue in post-epidemic time (Tsang, 2020). The social distancing measures force the consumers to spend more time at home in which trying out different cooking recipes is one of the best ways for stay-home activities. Fun and creative recipes could even create hot trends in social media, for example home-made dalgona coffee (Tang, 2020), has been a great hit for months during the epidemic time.

Vitasoy could use this home-cooking trend to maintain the quantity demanded for its products. Consumers are used to drink Vitasoy's beverage products directly, therefore, the company can promote alternative methods to consume its product, such as integrating into cooking dishes or create mix-and-match drinking recipes with other ingredients, to take advantage in this 'stay-at-home economy' and create new forms of product consumption experience. Benefit from its high nutrition products, the company can also introduce healthy soyabean consuming habit through these recipes during the time when the public have high concern about health in the middle of this crisis, to sustain customers' desire for soyabean products.

(ii) To enhance Vitasoy market share

Although Vitasoy is facing challenges in its operation downturns at present, it should not neglect the potential business opportunities arise due to the change in eating habit in the post-pandemic period. Consumption of plant-based food has been getting popular in the West due to health and environmental reasons and such demand has been stimulated under Covid-19, boosting the global meat substitute market to reach US\$17.5 billion of sales, at a CAGR of 15.1% by 2027, in which the Asia-Pacific market is expected to grow at the highest rate (Meticulous, 2020).

Though plant-based meat is not new in Hong Kong as it is rooted in Chinese cuisine, the market still has large capacity to develop. Amidst the pandemic, foreign investors have seen potential opportunities and started to emerge into the Hong Kong plant-based meat retail market (Ancheta, 2020). By direct observation to the availability of plant-based meat at the online store of ParknShop by the end of January 2021, only 2 items are plant-based out of 200 meat and poultry items, which indicates that there are still rooms for expansion within this market.

Yet, Vitasoy is not a newcomer to plant-based food as tofu is one of its iconic products available in the retail market. Since the beverage market is getting relatively mature in Hong Kong, i.e. CAGR of 5.9% (Statista, 2020), and the company is highly concentrating its revenue on beverage products as mentioned in Section 2.2, Vitasoy should take this opportunity to enhance its market share in other plant-based food, especially when plant-based meat is getting more attention in the market. Soyabean has been one of the sources for plant-based meat, Vitasoy can take advantage of its over 80 years soyabean processing experience to get an easier start with cheaper cost for this product invention when comparing with other start-up rivals. New product can also provide opportunities for Vitasoy to explore new sources of raw materials through different food formulars to diversify its material supply.

4.2.2 Implementation process

The above plans provide suggestions for the company not only to sustain business within the epidemic period but also create opportunities for the post-pandemic era. Therefore, different timeframe is required to implement the above plans.

(i) In the short run (during the social distancing policies imposed period)

Aim: Enhance quantity demand on soyabean products under the epidemic				
Objective: To improve sales by promoting creative and trendy cooking style with Vitasoy iconic products				
Activities	Actions	Timeline	Person(s) responsible	Evaluate outcome
Engage with creditable food vloggers to create new and innovative recipes through social media	• Identify and engage capable vloggers • Create recipes and vlog production • Promote latest vlog in different social media platforms • Review and response to comments • Short-term sales discount on promoted products if necessary	• 1 week • 1 week • 1 week • 1 week • 2 weeks	• Marketing team • Sales team • Contracted vloggers	• Monitor view rates • Make relevant adjustments on next vlog based on viewers responses • Review sales performance after each vlog is uploaded

(ii) In the long run (2 years)

Aim: Strengthening market share in Hong Kong				
Objective: To enhance market position in healthy nutritional food market by product innovation				
Activities	Actions	Timeline	Person(s) responsible	Evaluate outcome
Investment in developing market position by innovating in the growing plant-based meat market	• Building research & development (R&D) and budget plans • Identify source of investment • Formulate food recipes and testing on different sources of raw materials • Launch taste testing among professionals • Adjusting food formula according to feedback • Official launching new products with promotion plan • Establish different sales channels	• 1 month • 2 months • 9 months • 1 month • 2 months • 1 months • 3 months	• R&D team • Finance team • Procurement team • Production team • Sales team • Marketing team	• Evaluate costs and risks from different source of financing, i.e. bank loan, debt or equity market • Market research on plant-based food market capacity • Setting nutrition target on new products • Obtain feedbacks from target customers • Monthly review sales performance after official launch

5. Conclusion and recommendations

Based on the above findings and analysis, the following conclusion and recommendation are suggested for Vitasoy to deal with the hardship during the epidemic.

5.1 Conclusion

To sustain the business during the Covid-19 outbreak has been a common concern for each organization. The adverse economic environment brought by this health crisis has created new business challenges to Vitasoy and its financial results acted as an indicator illustrating the negative impacts during the period. This paper identified Vitasoy's challenges facing in the pandemic situation by different findings and evaluated the possible strategic approaches to diversify its weaknesses and threats through embracing new opportunities.

Even though the Covid-19 outbreak is a short-term incident, it is believed that the change in human and economic activities will continue in the post-pandemic era. Therefore, it is essential for Vitasoy not only to impose strategies to handle the current situation, but also consider long-term tactics to face future transformation.

5.2 Recommendations

There is no doubt that many corporates will choose prudence approaches to retain its business performances, like Vitasoy, to impose cost reduction strategy when facing a crisis. However, it is also critical for companies to adopt certain degree of risk-taking approaches, like innovation and investment, for maintaining its future sustainability. Vitasoy's success in the preceding decades gives the company a better foundation to adopt a forward-looking continuity plan for allocating the resources to current operation and future expansion. Continuous monitoring is required during the implementation of the plans and makes quick adjustments on planning when changes in the market conditions are out of expectation. The above sections have provided some possible approaches in a strategic plan with findings supported.

However, the findings in this report have certain limitations, in which direct observation on supermarket and social media is based on a single source, i.e. ParknShop and YouTube, for reference. Any further research on a similar topic can expand the information sources, such as enlarge the number of products selling locations for data collection and perform evidence searching on different social media platforms. A broaden data sample could come up with different insight as compared with this report.

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