



## ABSTRACT

The study focuses on exploring strategies to ensure the sustainability of coconut supply to Nestle Lanka PLC in order to guarantee the competitiveness and the profitability of the product Maggi Coconut Milk Powder. Current coconut supply market faces turmoil due a scarcity of nuts for industrial use .The study proposes two main solutions to address the defined problem. First proposed solution involves the development of a mathematical model to forecast the future wholesale prices of nuts using multi- variant time series model named Vector Error Correction Model. The dependent variable considered is monthly price of 1000 nuts while the independent variables involve monthly, coconut production, price 1mt of palm oil import and international desiccated coconut prices (Philippines).The data set comprises of continuous monthly data from 2008 January to 2013 January acquired from secondary data sources. Developed price forecasting model is intended to be used in presenting the procurement division, the behavior of coconut prices in advance while enabling them to be more informative in the bargaining process. Next proposed solution focuses on an empirical evaluation to identify potential coconut supply markets in Sri Lanka other than the coconut triangle. The supply markets were segmented based on provincial boundaries of Sri Lanka Analysis involves ranking each market segment based on an evaluation criterion. The evaluation framework involved operational, land use and agro-climatic factors. According to final outcome of the analysis North Central, Sabaragamuwa and Uva emerged as the most feasible market segments (in descending order of feasibility). Finally a SWOT analysis was carried out on the most feasible market segment (North Central Province). The aim of the analysis is to identify the next best option in terms of nut price and availability of nut for industrial usage and operational capability.