Making better market entry decisions

Improving market entry decision-making at Zwanenberg Food Group
for Romania

by

H. R. Timmer

University of Twente, Enschede, the Netherlands
Master Business Administration
International Management
2008

Making better market entry decisions

Improving market entry decision-making at Zwanenberg Food Group for Romania

by

H. R. Timmer

University of Twente, Enschede, the Netherlands
Master Business Administration
International Management

January 2009

Company supervisor:

Mr. R. A. Hochstenbach
Zwanenberg Food Group, Almelo, the Netherlands

Graduation committee:

1st Supervisor: Ir. S. J. Maathuis
2nd Supervisor: Prof. Dr. Ir. E. J. de Bruijn

Executive Summary

In the spring of 2007, ZFG established a sales office in Romania employing 15 persons. The company had entered the Romanian market with the intention to build a factory for the production of particularly labour intensive products. However looking back at the entry process, management had taken a number of decisions before a complete overview of the influencing factors was obtained. Due to for example the misinterpretation of a AC Nielsen report, the Romanian canned meat market appeared to be far less interesting than expected. Some of the decisions have, among other reasons, led to the disappointing results of the Romanian department which have set the ideas to build a factory, on hold.

In order to prevent future mistakes, management wanted to be better informed about the Romanian market. The overlying objective of this research was therefore to improve the process of collecting and analysing information at ZFG in order to make better market entry decisions. In this research a method was developed that provides ZFG with a guideline which summarizes the necessary market information, possible sources, collecting methods and momentum to collect and analyse (table 3.1 in combination with figure 5.1). The guideline provides management an useful tool when making important market entry decisions.

The developed method is based on the existing literature and has been adapted to the characteristics of ZFG by conducting an internal analysis. The method divides the process of collecting and analysing information for foreign market entry into four phases. ZFG should start researching the target country's environmental factors in phase one, next the production factors in phase two and as last the market factors in phase three. Before entering a following phase, a complete overview of the necessary information should be formed on which a decision to continue the research is made. During the collection of the necessary data, it is important that ZFG uses more than one source in order to prevent that entry decisions will be taken on incomplete or unreliable information.
Parallel with the first three phases, ZFG should obtain overviews of the home country factors and internal company factors as well. During the fourth phase ZFG should decide the most appropriate entry mode and strategy for the target country, based on an in-depth overview concerning all the identified factors.

The method has been applied to the Romanian market, which has lead to the collection and analysis of information concerning the canned meat and especially the canned fish market. The application was done in the Netherlands as well as in Romania, with collecting primary and secondary data, as well as assessing the process of collecting and analysing the already obtained data. The outcomes of the applied method proved that it provides an in-depth overview of a Eastern European country, with which solid market entry decisions can be taken.

The obtained awareness of the influence of the home country factors, target country factors as well as the internal company factors on the foreign market entry process, acknowledge that the entry process is a very dynamic phenomena, which should be approached with a certain degree of flexibility. The presented method should therefore be interpreted as a guideline for collecting and analysing information for foreign market entry.

Although the method has been adapted to the characteristics of ZFG, it is also relevant for other food companies. The same influencing factors, types of information, sources and collecting methods apply.

This research acknowledges the importance of the entrance of Romania to the EU in relation to the improvement of the availability of necessary data. This makes it difficult to assess whether the method is applicable to other Eastern European countries, which are no EU members. Future research is necessary to assess the difficulty of applying the method to these countries.

Concerning their current entry strategy for the Romanian market, management sits in an awkward situation. Because of the disappointing results and the current global financial crisis, the construction plans for the factory, the decisions to enter the canned fish market and to invest in advertising, are on hold. Therefore the future of the Romanian department will depend on the appreciation of the canned meat products and the skills and dedication of Zwanenberg International's associates.

Improving market entry decision-making at Zwanenberg Food Group

Table of Contents

Improving market entry decision-making at Zwanenberg Food Group

List of tables

List of figures

Improving market entry decision-making at Zwanenberg Food Group

List of Abbreviations

ATL   Above The Line

CI   Competitor Intelligence

CIA   Central Intelligence Agency

EU   European Union

EVD   (The Dutch) Economic Information Service

IKA   International Key Account

IMF   International Monetary Fund

LDC   Low Development Country

MDS   Multidimensional Scaling

MDSS   Management Decision Support System

MI   Market Intelligence

MIS   Market Information System

MNC   Multinational Corporation

SOE   State Owned Enterprise

V2R   Vision to Reality

ZFG   Zwanenberg Food Group

Improving market entry decision-making at Zwanenberg Food Group

Preface

This report is the result of my master thesis project carried out at Zwanenberg Food Group, Almelo, The Netherlands and its Romanian department Zwanenberg International, Iasi, Romania. This master thesis was part of my graduation assignment of the study Master Business Administration, International Management at the University of Twente.

I would like to thank the following persons: René Hochstenbach for being my company supervisor, Ir. S. J. Maathuis and Prof. Dr. Ir. E. J. de Bruijn for their help and feedback on my report, and all the associates of Zwanenberg Food Group and Zwanenberg International who helped me during my research and stay in Romania, especially Gabriel Terinte, Silviu Harabagiu and Alma Weingold.

Rogier Timmer

12th January 2009

1 Introduction

The first chapter provides an introduction about Zwanenberg Food Group and their Romanian department Zwanenberg International, the background and objective of the research are described and the research problem, research questions and research structure are formulated and explained.

1.1 Zwanenberg Food Group & Zwanenberg International

The foundation of ZFG is laid by Theodorus Stefanus van der Laan, who started in 1929 a factory for meat products in Den Haag. By gradual growth of their activities and a large number of takeovers in the last decades the company's expansion is remarkable. Today the company (still owned by the family Van der Laan) is one of the leading producers of meat and sausage products and canned meat in Europe. Well-known brands of the company are Kips, Linera, Huls and Zwan. Other than the A-brands, ZFG is also doing a lot of private labelling for companies as for example: Princess, Albert Hein, Aldi and C1000. The company exports its products to over 100 countries worldwide and employs around 1250 people. Production is mainly located in Western-Europe. Because of the rising production costs in Western-Europe ZFG has been looking for opportunities outside the area.

The collapse of communism in 1989 created a new group of rapid-growth countries in Central and Eastern Europe – the transition economies – committed (in varying degrees) to strengthening their market mechanisms through liberalization, stabilization, and the encouragement of private enterprise (Hoskisson et al 2000).

Because of the identification of a number of opportunities, ZFG has shown interest in the Romanian market. With around 22 million inhabitants, the country is the second largest market of the former Eastern bloc countries. Labour costs are relatively low and since 2007 the country is a member of the European Union. Amongst other reasons, these aspects has made Romania interesting for foreign investments, which has lead to an emerging economy. ZFG targeted Romania as one of their top priority countries.

In the spring of 2007, ZFG established a sales office in Romania employing 15 persons. Started with exporting the initial goal was to grow gradually to local presence. With the purchase of 18 hectare of land the company had the intention to set up a production plant to produce labour intensive products and daily meats (only for the local market). ZFG has entered Romania with two brands, namely Lupack and Zwan. The former has been focusing on the lower segment of the canned meat market, the latter on the other hand has been focusing on the middle/higher segment of the market.

1.2 Background and objective

The management of ZFG was not satisfied with the company's performance on the Romanian market and therefore re-evaluated the opportunities it had. For making the right decisions a number of aspects had to be considered.

Based upon market research by the AC Nielsen company the total canned meat market for the year 2007 was estimated on 30,000 tones, of which 21,000 pate and

9,000 other canned meat products. Disappointingly prices of pate appeared to be heavily under pressure and the market of other canned meat products was only half of the size expected. Also the daily meat market appeared to be highly more competitive and developed than initial thought. Together with the disappointing results, this had set the ideas for a production plant on hold.

Looking back on the process of entering the Romanian market the management of ZFG has taken a number of decisions based on incomplete (market) information. Some of these decisions have, among other reasons, led to the disappointing results of the Romanian department. Management wanted to be better informed about the market to prevent future mistakes. Therefore it was necessary to develop a method for collecting and analysing market information.

Based upon the first export experiences, the market of canned meat (pate omitted) in Romania is one which has been offering opportunities for Zwanenberg International. Unfortunately the forecasted market potential has not been big enough to run a sales office with 15 employees. Therefore management has been looking for opportunities in additional markets to increase their revenue and thereby confirming the department's "right to exist".

Zwanenberg International has identified the canned fish market as an opportunity, because it is a rather new, potential market with no dominant players and a rather good margin. Before green light was given to import and sell canned fish, the management in The Netherlands wanted to be better informed about the market. Besides the market of canned fish, management also wanted to have a more detailed insight concerning the market of canned meat. Thereby management was open for suggestions concerning additional opportunities on the Romanian market.

With the disappointing results on the market and the plans for a production plant on hold, the future of the Romanian department was rather uncertain. Management did not have a clear view of what to do. Therefore it wanted to be provided with recommendations concerning their entry strategy for the Romanian market.

The overall objectives of this research were therefore:

- Provide ZFG with a method for collecting and analysing market information for the sake of foreign market entry.
- Provide ZFG with market information of the Romanian market concerning canned meat and especially canned fish.
- Provide ZFG with recommendations concerning their entry strategy for the Romanian market.

1.3 Problem Formulation

Based upon the background of the research and the formulated objectives, the problem formulation has been defined.

Management wanted to be better informed about the Romanian market of canned meat (pate omitted) and in particular of canned fish. Thereby it wanted to be provided with recommendations concerning their entry strategy. Conducting a market research is essential to formulate a profitable entry strategy. The information gained from the market research helps reduce uncertainty, pinpoint

solutions, and determine appropriate marketing strategies (Cavusgil 2001). However the overall purpose of this assignment was to improve the process of collecting and analysing market information for the sake of foreign market entry at ZFG.

The problem was therefore formulated as follows:

Which improvements in the collection and analysis of information should ZFG make in order to make better market entry decisions?

To provide an answer on the problem formulation a method for collecting and analysing market information needed to be developed. Therefore the research had to provide a clear view of how information was collected and analysed for market entry at ZFG and how it should be done according to the theory. The method has been applied to the Romanian market. Thereby information about the Romanian market has been collected and analysed, with which recommendations concerning the market entry strategy of ZFG are provided.

The output of this research is therefore a method for collecting and analysing market information for the sake of the foreign market entry decision-making process, with which information about the Romanian market is collected and analysed, in order to provide ZFG with recommendations concerning their entry strategy.

1.4   Research Questions

With the breakdown into research questions a strategy has been formulated to provide an answer to the central problem of this assignment. The first step was to get acquainted with the subjects of foreign market entry, market research and management decision-making by a review of the literature.

The answering of the first research question provides the theoretical input for the design of the method for collecting and analysing market information for market entry decision-making. The method had to be appropriate for conducting a market research in the food sector of an Eastern-European country.
Besides that, the acquired knowledge of market entry modes and market entry strategy contributed in the providing of recommendations concerning the entry strategy of ZFG for the Romanian market.

RQ 1: How should market information be collected and analysed for market entry decision-making according to the theory?
   a. What is market entry?
   b. Which factors influence the market entry decision-making process?
   c. Which market information should be collected and analysed?
   d. How should the required market information be collected and analysed?

During the second stage of the research the method of collecting and analysing market information and the desired situation at ZFG have been analysed. With this internal analysis an insight concerning the influence of the characteristics of ZFG, to the market information collection and analysing process has been provided.

RQ 2: To which extend do the characteristics of ZFG influence the market information collecting and analysing process as identified in the theory?

    a. Which market information is collected and analysed, and how is this done?

    b. What is the desired situation?

For the third research question the results of the literature review and the internal analysis have been combined in order to provide a method for collecting and analysing market information for foreign market entry, adapted to ZFG's characteristics. The selected method has been applied to the Romanian market, as a result areas of improvement concerning the way of collecting and analysing market information at ZFG have been identified. With the application of the method some desired market information has already been collected and analysed, for other the method of collection and analysis has been recommended.

RQ 3: What are the results of the application of the selected method in Romania?

    a. Which areas of improvement of the current method of collecting and analysing market information can be identified?

    b. How should the necessary market information be collected and analysed?

During the fourth stage of this research the application of the method has been evaluated. With the evaluation of the applied method and its outcomes, conclusions have been drawn and recommendations have been identified concerning ZFG. As a result improvements of the method of collecting and analysing market information for market entry are formulated. Furthermore, recommendations concerning the entry strategy for the Romanian market are provided.

RQ 4: What suggestions can be formulated for ZFG based on the application of the selected method to Romania?

    a. What is the most appropriate method for collecting and analysing market information for market entry?

    b. How should the entry strategy for the Romanian market be improved?

The last step of this research was the evaluation of the applied method itself in order to determine its contribution to the existing literature. Thereby, an important aspect was to assess the applicability of the method concerning other companies, countries and markets.

RQ 5: What do the results of this research contribute to the existing literature?

1.5 Research Approach

This section specifies which research methods, sources and analysis instruments have been used in order to obtain the answers to the research questions.

The research that has been performed is defined as Exploratory Research. Its goal is to shed light on the real nature of the problem and to suggest possible solutions or new ideas (Kotler 2000). The great advantage of an exploratory study is that it is flexible and adaptable to change (Saunders et al 2007).

The first step of the research was to get acquainted with the subject of market research for foreign market entry by a review the literature. This was done by searching on published articles concerning the subject in scientific journals and several scientific databases like Jstor, Scopus, Picarta, etc. Also books about market entry, market strategy and marketing research have been reviewed.

During the second and third step of the research data has been collected, it was therefore important to understand the differences in collecting data. The method of data collection is about the choice between primary and secondary data, the selection of techniques to use for data selection and the optimal design of these methods. Primary data are data gathered for a specific purpose or for a specific research. Secondary data are data that were collected for another purpose and already exist somewhere. Secondary data provide a starting point for research and offer the advantage of low cost and ready availability. When the necessary data do not exist or are dated, inaccurate, incomplete, or unreliable, the researcher will have to collect primary data (Kotler 2000). Methods can be used in either quantitative research, which is concerned predominantly with quantity and quantifying, or qualitative research, which is concerned with interpreting the subjective experiences, i.e. the perspectives, of the individuals being studied (Crix 2004).

For the second step, analysis of the current method of collecting and analysing market information and the desired situation at ZFG, an internal analysis was carried out. To obtain a clear view about the current process and the desired situation a number of people within the organisation were questioned concerning the subject. Also the company's information system was searched for items related to the subject. Therefore both primary and secondary data were used by answering the second research question. In this part of the research all the data is of a qualitative nature.

During the third phase of the research the selected method was applied to the Romanian market. The application of the method took place in The Netherlands as well as in Romania. In the Netherlands secondary data was collected through the data-bases of governmental bodies, trade unions and agencies, and also ZFG's internal information system was searched.
There where secondary information was inadequate, primary research was performed. Primary data can be collected in five ways: observation, focus groups, surveys, behavioural data, and experiments (Kotler 2000). Depending of the data already available, the collection was done in either a quantitative and/or qualitative manner.
During the two weeks stay in Romania, market visits were done in the cities Bucharest, Buzou, Iasi, Suceava, Piatra Neamt, Roman, Bicaz and Falticeni. By visiting the Romanian market, conducting a questionnaire among 118 consumers and enlisting the services of marketing companies, primary data was collected. With ZFG already active in the Romanian market and the high interest into the canned meat and fish market, the market research was focused onto those areas. Furthermore, all the employees of the Romanian department were interviewed.

The application made it possible to evaluate the selected method in order to provide ZFG with recommendations concerning the collection and analysis of market information for market entry.
In the last two stages of the research the findings were evaluated and recommendations concerning the method of collecting and analysing market information, and the entry strategy for the Romanian market have been provided. By

working with the Romanian department, speaking to all the people involved and experiencing the strategic management closely, a good view was obtained concerning the market entry strategy. Therefore it was possible to provide ZFG with recommendations.
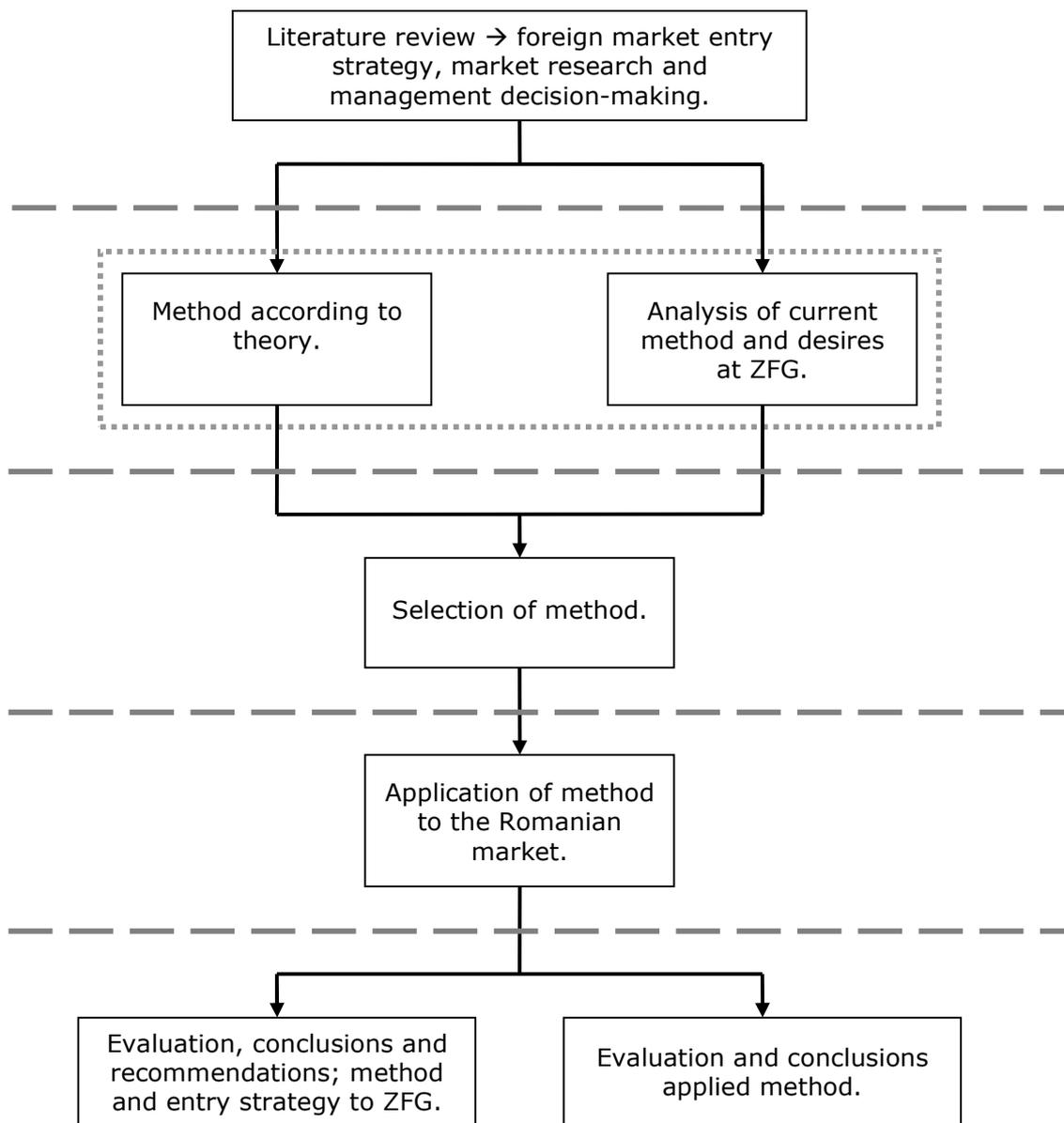
1.6 Research Structure

Fig. 1.1: Research Structure

Improving market entry decision-making at Zwanenberg Food Group

2   Literature Review

In the second chapter the literature about foreign market entry, marketing information system, market intelligence and market research has been reviewed in order to provide an answer onto the first research question:

"How should market information be collected and analysed for market entry decision-making according to the theory?"

With ZFG and their Romanian Business as centre of this research, the emphasis of the literature review laid on collecting and analysing market information for market entry in the food sector and Eastern European countries.

The start of the literature review was to understand the foreign market entry process. As a result it was possible to identify important factors influencing the entry process and was it possible to support the recommendations concerning ZFG's entry strategy. Further the identified factors were elaborated and the literature was reviewed on how to collect and analyse the necessary market information.

2.1   Foreign Market Entry

Companies become committed to international markets only when they no longer believe that they can attain their strategic objectives by remaining at home (Root 1994). When the company decides to enter the international market, the process of screening potential markets begins. Information about countries and their markets is collected and analysed in order to select the country with the most potential market. However the conscious impulse behind a company's initial entry into foreign markets is almost always the prospect of profit on immediate sales. In response to an unsolicited or accidental order from a foreign source, the company ships its products abroad because the profit looks good and the shipment does not cut into domestic sales (Root 1994).

The literature suggests that firms normally follow one of the following three strategies while investing in a foreign market: (a) market seeking, in which a firm is attracted to a market due to its size and potential, (b) efficiency seeking, in which a firm wants to enter a market because the market has special capabilities in a certain industry, and (c) resource seeking, in which a firm invests in a market to obtain access to a crucial resource (Buckley & Ghauri 1999).

The entry strategy for international markets is a comprehensive plan. It sets forth the objectives, goals, resources, and policies that will guide a company's international business operations over a future period long enough to achieve sustainable growth in world markets. The constituent product/market entry strategies require decisions on (1) the choice of a target product/market, (2) the objectives and goals in the target market, (3) the choice of an entry mode to penetrate the target country, (4) the marketing plan to penetrate the target market, and (5) the control system to monitor performance in the target market. The design of a market entry strategy is actually iterative with many feedback loops (Root 1994).

Having decided to enter a foreign market, a multinational corporation (MNC) has to determine the appropriate mode for organizing its foreign business activities (Hill et

al. 1990). Root (1994) distinguishes two perspectives on foreign entry modes. From an economist's perspective, a company can arrange entry into a foreign country in only two ways, exporting to a foreign market and manufacturing in it. However from a management/operations perspective, these two forms of entry break down into several distinctive entry modes, which offer different benefits and costs to the international company:

Export Entry Modes:	Management contracts
Indirect	Construction/turnkey contracts
Direct agent/distributor	Contract manufacture
Direct branch/subsidiary	Co-production agreements
Other	Other
Contractual Entry Modes:	*Investment Entry Modes:*
Licensing	Sole venture: new establishment
Franchising	Sole venture: acquisition
Technical agreements	Joint venture: new establishment/acquisition
Service contracts	Other

The choice of entry mode depends on quite a few influencing factors. In their article Hill (1990) and his colleagues present a framework which identifies three underlying constructs influencing the choice for a particular entry mode. For simplification, the authors argue that the entry modes can be classified into three distinct models of foreign market entry: non-equity contractual mode (e.g. licensing), equity-based cooperative venture (joint venture), or a wholly owned subsidiary. Each of these modes of entry has different implications for the degree of control a company can exercise over the foreign operation, the resources it must commit to the foreign operation and the risk that it must bear to expand into the foreign country (dissemination risk). The extent to which control, resource commitments and dissemination risk vary with the type of entry mode is summarized in table 2.1:

Table 2.1: The characteristics of different entry modes. Source: An Eclectic Theory of the Choice of International Entry Mode (Hill et al. 1990).

	Constructs		
Entry mode	Control	Resource commitment	Dissemination risk
Licensing	Low	Low	High
Joint venture	Medium	Medium	Medium
Wholly owned subsidiary	High	High	Low

Johansson (2000) distinguishes three strategic postures a company can have when going abroad. Depending on the maturity/type of the product/market situation and the strategic situation a number of preferred modes of entry can be distinguished, these are presented in table 2.2. One company posture called incremental is when few resources can be dedicated to entry, the usual case when entry is the first step in the internationalization process. A second strategic posture is when the firm possesses a well-protected trade secret or patentable know-how whose potential abroad is clear, but needs to learn about the market and develop more local familiarity. This situation is denoted as protected. In a third strategic situation called control, the company has well-established firm-specific advantages, is large enough to encounter relatively few resource obstacles to expansion, and offers a product with definite potential abroad.

Table 2.2: An Optional Entry Mode Matrix. Source: Johansson; Global Marketing (2000).

Company strategic posture	Product/market situation			
	Emerging	High-growth	Mature	Services
Incremental	Indirect exports	Indirect exports	Direct exports	Licensing/alliance
Protected	Joint venture	Indirect exports	Alliance/licensing	Licensing
Control	Wholly owned subsidiary	Acquisition/ alliance	Wholly owned subsidiary	Franchesing/alliance/ exporting

Besides resource and commitment factors, Cavusgil (2002) also identifies product factors having an influence on a firm's choice regarding entry mode. Highly differentiated products can be priced rather freely and still remain competitive in the market despite high unit transportation costs and import duties. In such cases, an export strategy is favoured. A company's entry mode options increase as its resources in management, capital, technology, production, and marketing skills become more abundant. In contrast, the company with limited resources is constrained to use entry modes requiring a relatively small resource commitment.

In practice most companies will gradually change its entry mode decisions in a fairly predictable fashion. Increasingly, it will choose entry modes that provide greater control over foreign marketing operations. But to gain greater control, the company will have to commit more resources to foreign markets and thereby assume greater market and political risks (Root 1994).

So far a number of underexposed factors influencing the choice of foreign market entry are those of the target country. Root (1994) identifies market, environmental and production factors. Each of these factors can have a high influence on a company's choice of entry. When for example the competition in the target country is too strong, the company may turn to licensing or other contractual modes. Or when the size of the target country market is small a company will favour low-investment modes. The environmental factors are also influencing the market and production factors within the country. The remaining external factors that Root (1994) classifies are those of the home country. Rising labour and raw material costs in the home country can make a company favouring an investment entry mode.

Figure 2.1: Factors in the Entry Mode Decision. Source: Root; Entry Strategies for International Markets (1994).
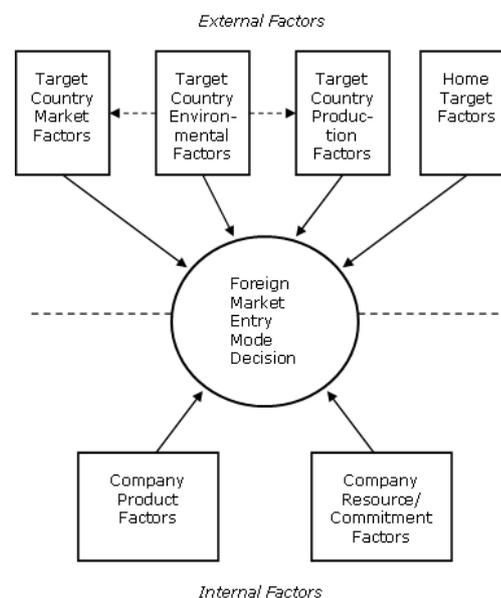
How a company responds to external factors in choosing an entry mode depends on internal factors. The internal factors Root (1994) identifies are the company product and resource/commitment factors, as dealt earlier in this section. The several internal and external factors influencing the foreign market entry mode decision identified by Root (1994) are presented in figure 2.1.

Improving market entry decision-making at Zwanenberg Food Group

Deciding the most appropriate entry mode is a process of drawing up the balance sheet of the internal and external factors. The choice of the right entry mode depends on the accuracy of the information concerning the influencing factors and the analysis of it. Therefore a good research is an essential success factor in building up a profitable foreign business.

In the last part of this section attention is paid to the foreign market entry of food companies and the entry into Eastern European markets. According to Solana-Rosillo & Abbott (1998) the choice of entry mode for agribusiness firms includes two key dimensions: where to produce a good, and what degree of control to exercise over the marketing and distribution of that good. In the processed food market a big amount of unit value are the costs of distribution and marketing. The distribution costs depend for a large part on the market power of the distributor. As a result export subsidies and marketing boards can be ineffective alternatives if benefits are captured by intermediaries with market power.

Also for food companies it is important to understand the differences in legislation and cultural between the home- and target country. When entering a foreign market it is often necessary to adapt the product to the local law and taste. A country's social, educational, and religious systems critically influence its marketing system. These cultural variables have a crucial impact on product policy and are considered by many to be the biggest barriers for doing business overseas (Cavusgil et al 2002).

With the entry into Eastern European markets, determinants with a high influence are political and economic risks. In a study of Shama (2000) under 70 U.S. companies, the author reports that most of these companies entered the Eastern European markets by use of exporting and joint-venture strategy performing sales and marketing functions. However, after entry most companies reported a high level of satisfaction with their economic performance in these countries and had an equally positive outlook for their future performance. Therefore, half of the U.S. companies that changed their strategies since entering these countries have changed them to wholly owned and partially owned subsidiaries. This applied particularly for the Czech Republic, Hungary and Poland who have enjoyed early entries and investments by U.S. companies because these countries represented lower economic and political risks. On the other hand, Russia and Romania have continued to represented higher economic and political risks. Therefore international executives are advised to keep their investment level in accordance with the risk level.

2.1.1 Application Theory

In the foreign market entry process a number of important decisions have to be made. So must be decided with which entry mode and strategy the foreign market will be entered. The review of the literature has identified a number of factors that influence the choice of entry mode and strategy. An overview and comparison of the reviewed literature of section 2.1 is presented in table 2.3.

Before entering a new foreign market it is vital to perform a research concerning the identified factors. The identified external factors are:

- Target country market factors.
- Target country environmental factors.
- Target country production factors.
- Home country factors.

Table 2.3: Overview of reviewed literature section 2.1

Author(s)	Key issues theory	Comparison different authors & parts implemented
Buckley & Ghauri	Strategies to follow when entering: market seeking, efficiency seeking & resource seeking	The theory has not been used as guideline for the research, it only contributes in understanding the foreign market entry process.
Hill et al.	Influencing factors on the choice of entry mode: control, resource commitment and dissemination risk	When comparing Hill, Johansson, Root and Cavusgil, the authors present almost the same influencing internal factors. Dissemination risk is related to product factors and resource & commitment to the incremental strategic posture (if a company chooses for incremental growth it has decided to keep the assigned resources and commitments low). The factor of control is only presented by Hill and Johansson, this has been seen as shortcomming of the other theories. In summary the applied internal factors are product, resource & commitment and control.
Johansson	Strategic postures influencing the choice of entry mode: incremental, protected & control	
Root (1)	Company product factors & rescource and commitment factors influence the choice of entry mode	
Cavusgil	Resource and commitment & product factors influence the entry mode decision	
Root (2)	Overview of the possible entry modes	Root covers all possible entry modes. No additions during the literature review have been found.
Root (3)	External factors influencing the choice of entry mode: market, environmental & production. As well of the home as of the target country.	No additional or contradictional literuture has been found. Therefore Root's theory has been used as guideline concerning the influencing external factors,

The review of the literature identified also a number of factors influencing the entry process of food companies, which are: marketing, distribution, legislation and culture. When entering Eastern European markets important identified determinants were the economic and political risks. All these aspects are part of the mentioned external factors, however it is desirable to emphasize these factors during the process of collecting and analysing market information.

How a company responds to the presented external factors in choosing an entry mode and marketing strategy depends on internal factors. The identified internal factors are:

- Level of control.
- Resource and commitment factors.
- Company product factors.

These factors are intertwined with each other. The degree of resources & commitments (like budget and people) a company is willing to assign to the foreign operation influences the degree of control a company will have. If a company wants to protect their product (minimize the dissemination risk) it will need to assign more resources & commitments. Together the internal factors influence the choice of entry mode and strategy, of course in combination with the external factors.

The identified factors, especially the external, are important aspects for the method for collecting and analysing market information for the sake of market entry and are therefore further elaborated in the next section. Thereby the acquired knowledge concerning market entry helped in providing ZFG with recommendations concerning their entry strategy for the Romanian market.

2.2   Collection and Analysis

This section focuses on the collection and analysis of the market information concerning the identified external factors. The literature was reviewed to elaborate those factors, thereby it was important to know what possible sources of market information are and most of all how it should be acquired and analysed.

As noted before, the focus of this assignment laid on the collection and analysis of market information concerning the target country. Therefore less attention was paid to the initial stage of country screening, although regularly the collection and analysis of market information in the country screening process and the in-depth screening of the target country is an iterative process.

2.2.1 Elaboration Factors

The first step of this section was to elaborate the determined factors influencing the foreign market entry process. This was done by identifying more specific indicators and variables concerning these factors. The methods for collecting and analysing this kind of market information are presented in the next step.

Johansson (2000) combines the collection and analysis of market information with the selection of the most potential country. In the presented screening method for foreign market entry, the actual process of evaluating candidates can be divided into four stages with each important market information to collect and analyse:

Stage 1 – Country Identification. The choices in this first stage are broadly based on easily available statistics on population, GNP, growth rates, and media reports on political and economic developments.

Stage 2 – Preliminary Screening. This involves rating the identified countries on macro level indicators such as political stability, geographic distance, and economic development.

Stage 3 – In-Depth Screening. This stage is the core of the attractiveness. Data here are specific to the industry and product markets, if possible even down to specific market segments. This stage involves assessing market potential and actual market size, market growth rate, strengths and weaknesses of existing and potential competition, and height of entry barriers, including tariffs and quotas.

Stage 4 – Final Selection. In the final selection stage, company objectives are brought to bear for a match, and forecasted revenues and costs are compared to find the country market that best leverages the resources available.

Ball and his colleagues (2006) also present a screening-method, although they emphasize more on the environmental forces. The method of market analysis and assessment permits management to identify a small number of desirable markets by eliminating those judged to be less attractive. The method, presented in figure 2.2, is divided in six stages each commented below:

Basic Need Potential. The first step is to assess the basic need potential of a foreign market. The basic need potential of certain goods is dependent on various physical forces, such as climate, topography, and natural resources. If for example the firm

produces air conditioners, the analyst will look for countries with warm climates. If the nature of the goods or service is such that a definite basic need potential cannot be readily established, trade statistics can provide a detailed overview of the product import and export value and quantities.

Financial and Economic Forces. Here the list of prospects will further reduce. Trends in inflation, exchange, and interest rates are among the major financial points of concern. The analyst should consider other financial factors, such as credit availability, paying habits of consumers, and rates of return on similar investments.

Economic data may be employed in a number of ways, but two measures of market demand based on them are especially useful. These are market indicators (economic data used to measure relative strengths of countries or geographic areas) and market factors (economic data that correlate highly with market demand for a product).
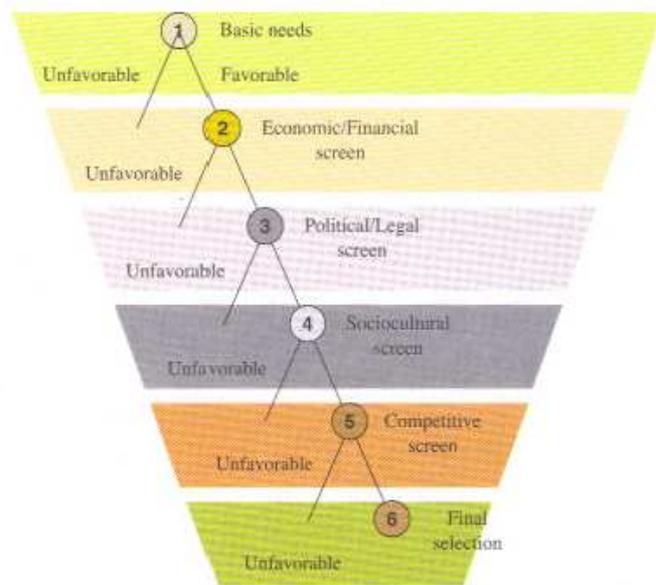
Figure 2.2: Selection of Foreign Markets. Source: Ball et al (2006); International Business.

Political and Legal Forces. The degree of entry barriers and profit remittance barriers are a significant factor in the screening of foreign countries. Another factor of importance to management in studying the possibilities of investing in a country is the stability of government policy. Business can adapt to the form of government and thrive as long as the conditions are stable. But instability creates uncertainty, and this complicates planning.

Sociocultural Forces. A screening of the remaining candidates on the basis of sociocultural factors is arduous. First, sociocultural factors are fairly subjective. Second, data are difficult to assemble, particularly from a distance. The analyst, unless he or she is a specialist in the country, must rely on the opinions of others.

Competitive Forces. In this screening, the analyst examines markets on the basis of such elements of the competitive forces as:
1. The number, size, and financial strength of the competitors.
2. Their market shares.
3. Their marketing strategies.
4. The apparent effectiveness of their promotional programs.
5. The quality levels of their product lines.
6. The source of their products – imported or locally produced.
7. Their pricing policies.
8. The levels of their after-sales service.
9. Their distribution channels.
10. Their coverage of the market. (Could market segmentation produce niches that are currently poorly served?)

Final selection. While much can be accomplished through analysis, there is no substitute for personal visits to markets that appear to have the best potential. An executive of the firm should visit those countries that still appear to be good prospects. Management will want the facts uncovered by the desk study (the five screenings) to be corroborated and will expect a firsthand report on the market.

Johnson et al. (2006) present a framework for understanding the environment of organizations with the aim of helping to identify key issues and ways of coping with complexity and change. The framework provides an overview of dimensions concerning environmental forces, closely related to the previously identified external factors.

The presented framework are in fact several frameworks organized in a series of 'layers', which are briefly presented in figure 2.3. The analysis of the business environment begins at the outer layer, which is the most general layer of the environment and

Figure 2.3: Layers of the business environment; Source: Johnson et al. Exploring Corporate Strategy (2006).

is often referred to as the macro-environment. Within this broad general environment the next layer is called an industry or a sector. The most immediate layer of the environment consists of competitors and markets. Within most industries or sectors there will be many different organizations with different characteristics and competing on different bases.

Figure 2.4: Macro-environmental influences – the PESTEL framework. Source: Johnson et al; Exploring Corporate Strategy (2006).

Improving market entry decision-making at Zwanenberg Food Group
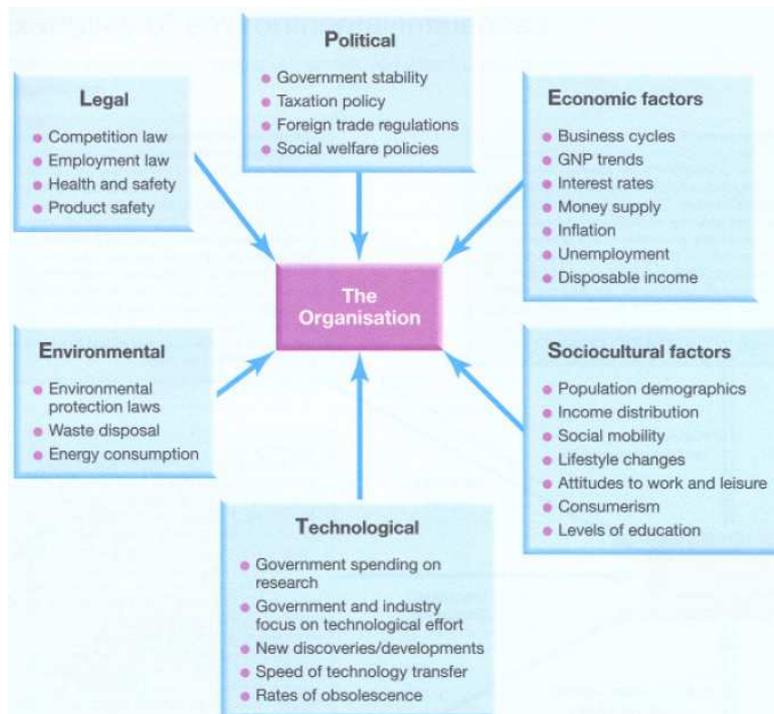
The macro-environment consists of broad environmental factors that impact to a greater or lesser extent on almost all organizations. It is important to build up an understanding of how changes in the macro-environment are likely to impact on individual organizations. A starting point can be provided by the PESTEL framework which can be used to identify how future trends in the political, economic, social, technological, environmental and legal environment might impinge on organizations (Johnson 2006). An overview of the macro-environmental influences is provided in figure 2.4.

One step closer to the company is the environmental "layer" of the industry or sector in which the company is or will be active. The industry or sector is a group of organizations producing the same products or services. The five forces framework of Porter (1980) can be useful in understanding how the competitive dynamics within and around an industry are changing. The framework identifies several distinctive indicators important for the foreign market analysis concerning market entry. The five forces are treated below; thereby an overview of the framework is presented in figure 2.5.

The threat of entry. These are factors that need to be overcome by new entrants if they are to compete successfully. Typical barriers to entry are: economies of scale, the capital requirement of entry, access to supply or distribution channels, customer or supplier loyalty, experience, expected retaliation, legislation or governmental action and differentiation.

The threat of substitutes. Substitution reduces demand for a particularly 'class' of products as customers switch to the alternatives. Substitutions may take different forms: product-for-product substitution, substitution of need and generic substitution.

Figure 2.5: Porter's FFF. Source: Adapted from M. E. Porter; Competitive strategy (1980).
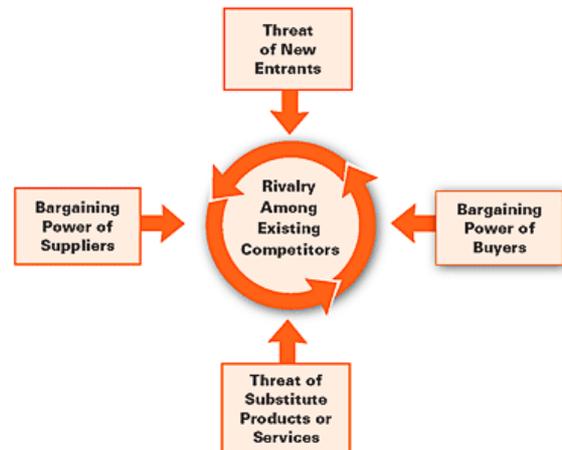
The power of buyers. Buying power can have an effect in constraining the strategic freedom of an organization and influencing the margins of that organization. Buyer power is likely to be high when some of the following conditions prevail: there is a concentration of buyers, the cost of switching a supplier is low or involves little risks and there is a threat of the supplier being acquired by the buyer and/or the buyer setting up in competition with the supplier.

The power of suppliers. Supplier power can have an effect in constraining the strategic freedom of an organization and influencing the margins of that organization. Supplier power is likely to be high when: there is a concentration of suppliers, there's a wide range of customers, the switching costs from one supplier to another are high and there is the possibility of the suppliers competing directly with their buyers.

Competitive rivalry. Competitive rivals are organizations with similar products and services aimed at the same customer group. There are a number of factors that affect the degree of competitive rivalry in an industry or sector: the extent to which

23

competitors are in balance, industry growth rates may affect rivalry, high fixed costs in an industry, where there are high exit barriers to an industry and differentiation.

The literature review also identified the production factors concerning a specific industry or sector as an important, influencing factor. A countries production factors are the quantity and quality of the available natural resources, labour, capital and the economic infrastructure (Cavusgil 2002). On the website of the South African Reserve Bank a good elaboration of the factors is given:

Natural resources consist of all gifts of nature. Some countries cover a vast area but the land is of limited value. A desert, for example, has little or no agricultural value (although it may contain valuable mineral deposits). Some countries cover a relatively small geographical area but have a plentiful supply of arable land or minerals.

Goods and services cannot be produced without human effort. Labour can be defined as the exercise of human mental and physical effort in the production of goods and services. The quantity of labour depends on the size of the population and the proportion of the population that is willing and able to work. The latter, in turn, depends on factors such as the age and gender distribution of the population. The proportion of children, women and elderly people all affect the available quantity of labour, which is called the labour force. The quality of labour is usually more important than the quantity of labour. The quality of labour is usually described by the term human capital which refers to the skill and knowledge level, and health of the workers. Education, training and experience are important determinants of human capital.

Capital, as a factor of production, comprises all manufactured resources such as machines, tools and buildings which are used in the production of other goods and services. The economic infrastructure consists out of the quantity and quality of transportation, ports, and communications in the foreign country.

The most immediate layer of the environment consists of competitors and markets. Within most industries or sectors there will be many different organizations with different characteristics and competing on different bases. Before entering foreign markets a clear view of the competitors and market needs to be obtained. The purpose of the competitive analysis is to obtain a clear view of the future behaviour and the strengths and weaknesses of the most important competitors of the organization. The future behaviour of competitors provides an insight in possible opportunities and threats (Alsem 2001). The following competitor's characteristics are important in a competitive analysis: price, performance, design or style, patent protection, brand name, packages and services (Root 1994).

Cavusgil (2002) presents a method for assessing market potential in foreign markets. The author divides the market entry process in three phases, namely: (1) market potential estimation and access; (2) market entry; and (3) market establishment. Although each step in foreign market expansion is critical, the initial assessment of opportunities is especially important. Verifying market potential and quantifying opportunity in a foreign market can be vital to a firm's success. According to Cavusgil (2002) the market opportunity consists out seven dimensions:

Market Size. Rough estimation through measuring a country's total population.

Market Growth Rate. Average annual growth rate of an industry.

Market Intensity. Purchasing power parity (PPP) estimates of GNP per capita, and (2) personal consumption expenditure per capita.

Market Consumption Capacity. The proportion of the population 20 to 80 percent of a nation's income indicates the spread of the consumption base.

Commercial Infrastructure. The ease of access to distribution and communication channels indicates the attractiveness of a market.

Economic Freedom. Incorporates trade/taxation policy, governmental consumption of economic output, monetary/banking policy, capital flows/foreign investment, wage/price controls, property rights, regulatory policy, and black market activity.

Market Receptivity. The extent to which a foreign market is open to domestic imports represented by two variables: per capita imports from the domestic country and the average annual growth in domestic imports over the past five years.

In summary, the literature reviewed in this section provides an elaboration of the identified external factors of section 2.1. An overview of the reviewed literature is presented in table 2.4 below. The application of the theory has been further elaborated in section 2.2.3.

Table 2.4: Overview of reviewed literature section 2.2.1

Author(s)	Key issues theory	Comparison different authors & parts implemented
Johansson	Presents a screening method for foreign market entry. The method hands over specific indicators which influence the selection of a country.	The several authors share the same interpretation to start collecting and analysing general information and focus along the process to more specific information, however this is best presented by Johnsson. Besides the order of collecting and analysing, Johansson and Ball also elaborate the already identified external factors. Johansson presents more specified indicators relevant for the screening of foreign markets, as Ball et al. presents more general indicators. The majority of these indicators will be valuable input for the method to develop.
Ball et al.	Present a selection/screening model of foreign markets. The model starts with the analysis of broad environmental forces and then focuses to more specific competitive forces. After visiting the target countries a selection can be made.	
Johnson et al. (1)	Present a framework for understanding the environment of organizations. They distinguish macro-environment, industry (or sector) and market & competitors.	
Johnson et al. (2)	Present the PESTEL framework for evaluating macro-environmental forces	Johnson covers all environmental forces. No additions during the literature review have been found.
Porter	Porter's five force framework is a valuable tool in order to analyse the present forces on a market.	The framework provides an elaboration of the identified external factors concerning industry and market. Part of the identified indicators are used in the presented method.
Cavusgil (1)	The author distinguishes four production factors, namely: natural resources, labour, capital and economic infrastructure.	No additions in the literature have been found and therefore cavusgil will be the guideline concerning a country's production factors.
Cavusgil (2)	The author distinguishes three phases of the market entry process, of which the first step estimation of market potential is the most important. 7 dimensions of market opportunity are presented.	The presented dimensions and related indicators contribute in the elaboration of the market factors. A number of these indicators are used in the presented method.

2.2.2 Methods for Collecting and Analysis

With determining the required data for the sake of foreign market entry the next step is the identification of possible sources and methods for collecting and analysing this kind of information.

A company's managers have a high need for information, in order to take well-considered decisions. Companies design marketing information systems (MIS) to meet these needs. Kotler (2000) defines that a marketing information system consists of people, equipment, and procedures to gather, sort, analyze, evaluate, and distribute needed, timely, and accurate information to marketing decision makers.

The role of a MIS is to assess manager's information needs, develop the needed information, and distribute that information in a timely fashion. Kotler (2000) discusses that the information is developed through internal company records, marketing intelligence activities, marketing research, and marketing decision support system (MDSS).

The emphasises of this research laid onto the foreign market entry process, for this reason, only the first three groups of information acquiring activities have been further elaborated. A MDSS can be very valuable for marketing managers when the company has "already" established itself in a particular market and/or country.

Internal company records

Companies administrate a lot of data concerning orders, sales, prices, costs, inventory levels, receivables, payables, and so on. By analyzing this information, marketing managers can spot important opportunities and problems.

As mentioned earlier, most companies already have sold their products to a specific country, before considering to enter it. This collected data can be very valuable when assessing this specific country concerning its opportunities for the company.
Market intelligence

The next information acquiring activity Kotler (2000) presents are those related to the company's marketing intelligence system. Whereas the internal records system supplies results data, the marketing intelligence system supplies happening data. Kotler (2000) defines a marketing intelligence system as a set of procedures and sources used by managers to obtain everyday information about developments in the marketing environment.

In her article, Cornish (1997) argues that market intelligence (MI) is acquired in three ways: (1) through direct contact with product users or intermediaries; (2) incidentally through unplanned daily contacts and via systematic efforts; and (3) by contact that generates tacit knowledge as well as codified, representative data. Cornish (1997) distinguishes 7 market intelligence activities:

- *Product Testing*: feedback from early users prior to product launch and lead users on an ongoing basis.

- *Industry Intelligence*: information about the end-user industry acquired through participation in industry organisations & events and contacts made during previous work experience, particularly in the end-user industry.

- *Sales/Service*: MI generated by ongoing inquiries and feedback from customers during the course of sales, installation, training, and customer service/technical support activities.

- *Trade Shows*: Product demonstration at trade shows and data from user registration cards.

- *Channels*: Information about user needs acquired from distributors and R&D partners.

- *Qualitative Methods*: Individual or small group interviews concerning product characteristics, or trial of a prototype product.

- *Aggregate Data*: Statistical survey research and secondary data.

Figure 2.6:
Relative
importance of
the seven basic
MI activities
identified in the
study. Source:
Cornish (1997).
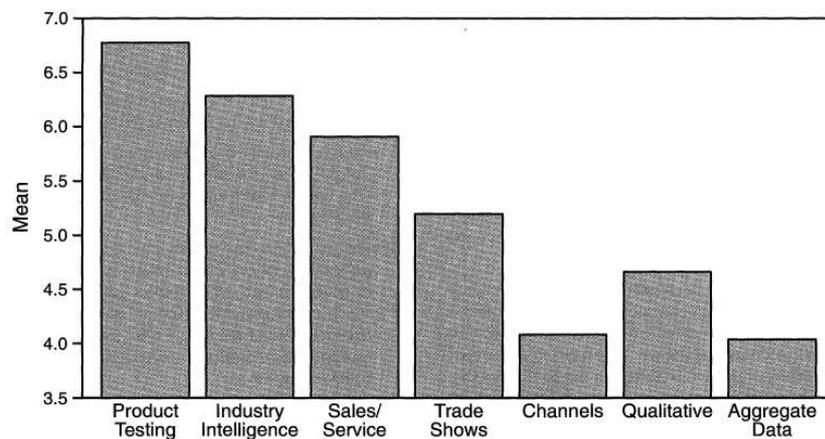
Cornish (1997) conducted a mail questionnaire combined with telephone interviews in order to determine the most used MI activity by software product development firms in Canada. The outcome of the research was the first three activities as presented in figure 2.6.

A major part of MI is competitor intelligence (CI). Analysing each significant existing and potential competitor can be used as an important input to forecasting future industry conditions. Intelligence data on competitors can come from many sources: reports filed publicly, speeches by a competitor's management to security analysts, the business press, the sales force, a firm's customers or suppliers that are common to competitors, inspection of a competitor's products, estimates by the firm's engineering staff, knowledge gleaned from manager or other personnel who have left the competitor's employment, and so on (Porter 1980).
When data about the competition is collected, it has to be analysed, catalogued, and most important communicated to the strategist within in the firm. An overview of the functions of a competitor intelligence system is presented in appendix 1.

Kotler (2000) discusses that marketing managers collect MI by reading books, newspapers, and trade publications; talking to customers, suppliers, and distributors; and meeting with other company managers. Thereby he presents several steps a company can take in order to improve the quality of its marketing intelligence:

- It can train and motivate the sales force to spot and report new developments. Sales representatives are the company's "eyes and ears".
- The company can motivate distributors, retailers, and other intermediaries to pass along important intelligence.

27

- Companies can learn about competitors by purchasing their products; attending open houses and trade shows; reading competitors' published reports; attending stockholders' meetings; talking to employees, dealers, distributors, suppliers, and freight agents; collecting competitors' ads; etc..
- Companies can set up a customer advisory panel made up of representative, largest, most outspoken or sophisticated customers.
- The company can purchase information from outside suppliers such as the AC Nielsen Company and IRI. These research firms gather and store consumer-panel data at a much lower cost than the company could do on its own.
- Some companies have established a marketing information center to collect and circulate marketing intelligence. The staff scans the Internet and major publications, abstracts relevant news, and disseminates a news bulletin to marketing managers.

Market research

The third step in acquiring market information Kotler (2000) distinguishes is that of conducting a market research. Kotler (2000) defines market research as the systematic design, collection, analysis, and reporting of data and findings relevant to a specific marketing situation facing the company. Companies normally budget marketing research at 1 to 2 percent of company sales. A large percentage is spent buying the services of outside firms. Managers often commission formal marketing studies of specific problems and opportunities. They may request a market survey, a product-preference test, a sales forecast by region, or an advertising evaluation.

However it is important to determine beforehand whether or not a market research is required. A marketing manager confronted with two or more alternative courses of action faces the initial decision as to whether or not marketing research should be conducted (Zikmund 1991). According to Zikmund (1991) the determination of the need for marketing research centres four factors, namely:

(1) Time constraints. Systematically conducting research takes time. In many instances, management will believe a decision must be made immediately; thus, there will be no time for research.

(2) The availability of data. Often managers already possess enough information to make a sound decision with no marketing research. When there is an absence of adequate information, however, research must be considered.

(3) The nature of the decision to be made. The value of marketing will depend on the nature of the managerial decision to be made. A routine tactical decision that does not require a substantial investment may not seem to warrant a substantial expenditure for marketing research.

(4) The value of the research information in relation to costs. In any decision-making situation, managers must identify alternative courses of action, then weigh the value of each alternative against it costs. Marketing research can be thought of as an investment alternative.

Together the four factors form a succeeding decision-gate scheme, which leads to the decision whether or not a market research has to be conducted. The scheme is presented in figure 2.7. When the need for a market research is confirmed the next step is the actual market research itself.

Figure 2.7: Determining When to Conduct Marketing Research. Source: Zikmund; Exploring Marketing Research (1991).

Time Constraints		Availability of Data		Nature of the Decision		Benefit versus Costs		
Is there sufficient time available before a managerial decision must be made?	Y	Is the information already on hand inadequate for making the decision?	Y	Is the decision of considerable strategic or tactical importance?	Y	Does the value of the research information exceed the cost of conducting research?	Y	Conduct Marketing Research

No   No   No   No

Marketing Research Should Not Be Conducted

During the foreign market entry decision-making process there is a high chance that the available data is inadequate, the decisions to be made are from a strategic character and the potential benefits exceed the costs. The only problem is often the availability of time, but when making vital strategic decisions this factor is negligible.

When conducting a market research a choice has to be made between the collection of primary and secondary data. As defined earlier in this report, secondary data provide a starting point for research and offer the advantage of low cost and ready availability. When the needed data do not exist or are dated, inaccurate, incomplete, or unreliable, the researcher will have to collect primary data (Kotler 2000).

So the start of market research is the collection and analysis of secondary data. This type of market information is in general easy available through for example data-bases of governmental bodies, trade unions, national banks and agencies; trade magazines, marketing journal and periodicals; and also not to forget the company's internal sources. Research companies as AC Nielsen and IRI also provide secondary data, this in case when the data was not specifically collected for the particularly company. Two overviews of common used secondary data sources are presented in appendixes 2 and 3.

Kotabe and Helsen (1998) indicate that market potential is one of the key drivers, when deciding whether to enter a particular country. In most developing countries, a fairly accurate estimate of the market size for any particular product is easily obtainable. Marketing research companies as AC Nielsen and IRI provide up-to-date estimates of category volume and market share based on scanning technology. However, this kind of information is not cheap. There are less costly methods to estimate market demand. Thereby for many industries and developing countries, information on market demand is simply not ready available. Kotabe and Helsen (1998) present four methods to come up with a market size estimate, using "simple" ingredients:

Method of Analogy. Using the analogy method, the target country is compared with a country that is at the same stage of economic development as the country of interest and for which the market size is known. The method is based on the premise that

29

the relationship between demand for a product and a particular indicator, for instance, the demand for related product, is similar in both countries.

Trade Audit. An alternative way to derive market size estimates is based on local production and import and export figures for the product of interest. The logic is very straightforward; take the local production figures, add imports, and subtract exports.

Chain Ratio Method. The chain ratio method starts with a very rough base-number as an estimate for the market size (e.g., the entire population of the country). This base estimate is systematically fine-tuned by applying a string ("chain") of percentages to come up with the most meaningful estimate for total market potential.

Cross-Sectional Regression Analysis. Statistical techniques such as cross-sectional regression can be used to produce market size estimates. With the regression analysis, the variable of interest (in this case "market size") is related to a set of predictor variables. By choosing a set of indicators that are closely related to the demand for the product of interest and collecting data on these variables and product demand figures for a set of countries (the cross-section) where the product has already been introduced, the possible regression will allow to predict the market size in countries in the consideration pool.

Seldom will secondary data prove satisfactory for market research studies. The next step in the research process is then to collect primary data specifically for the purpose of the research project. In their book Kotabe and Helsen (1998) discuss that primary data can be collected in several ways, namely: focus groups, survey research, or test marketing.

Focus groups. Before embarking on large-scale quantitative market research projects, most firms will conduct exploratory research. A popular tool at this stage is the focus group. A focus group is a loosely structured free-flowing discussion among a small group of target customers facilitated by a professional moderator. They can be used for many different purposes: to generate information to guide the quantitative research projects, to reveal new product opportunities, to test out new product concepts, and so forth.

Survey Methods. Survey research begins with the design of a questionnaire. The next step is to develop a sampling plan to collect the data. Then the information to the questionnaires is physically collected.
In developing nations it is somewhat more difficult to conduct a survey research, because of the low levels of education. Market researchers should also try to reduce the verbal content and use visual aids. In countries that are unfamiliar with survey research (e.g., former Eastern Bloc countries), it is advisable to avoid lengthy questionnaires or open-ended questions.

Test Marketing. During this field experiment, the new product is marketed in a select set of cities to assess its sales potential and scores of other performance measures. It allows companies to make fairly accurate projections of the market share, sales volume, and penetration of the new product. In countries where household scanning panels are available, firms can also get insights into likely trial, repeat purchase, and usage rates for the product.

When conducting a general research concerning a country's production factors and environmental forces, the majority of the data will be of secondary nature and is

most likely available through one of the enumerated sources presented in appendixes 2 and 3. An exception however are a country's cultural aspects, for these it is advisable to attain a more in-depth view.

Culture has been defined as 'shared patterns of behaviour' as proposed by anthropologist Margaret Mead (Schneider & Barsoux 2003). Kotabe and Helsen (1998) explain that a country's culture consists of many interrelated components. Knowledge of a culture requires a deep understanding of its different parts. They distinguish those components that are most likely to matter to international marketers: material life, language (spoken/body), social interactions, religion, education and values. When exploring culture the search for meaning calls for an interpretive approach. This approach involves extensive observation and interviewing to provide detailed, or 'thick', descriptions (Schneider & Barsoux 2003).

When going abroad a company wants to know how a country's culture is influencing the productivity of potential employees, the social intercourse and properly most important the consumer behaviour. Raju (1995) argues that within a given culture, consumption processes can be described via a sequence of 4 stages, namely: access, buying behavior, consumption characteristics, and disposal. Together these 4 stages form a paradigm, which is presented in figure 2.8. The author applied the paradigm to the countries of eastern Europe and the Third World because of their growing significance for the marketer. They summarized several practical recommendations resulting from this application, an overview is presented in appendix 4.

Figure 2.8: The A-B-C-D Paradigm. Source: Raju; Consumer Behavior in Global Markets (1995).
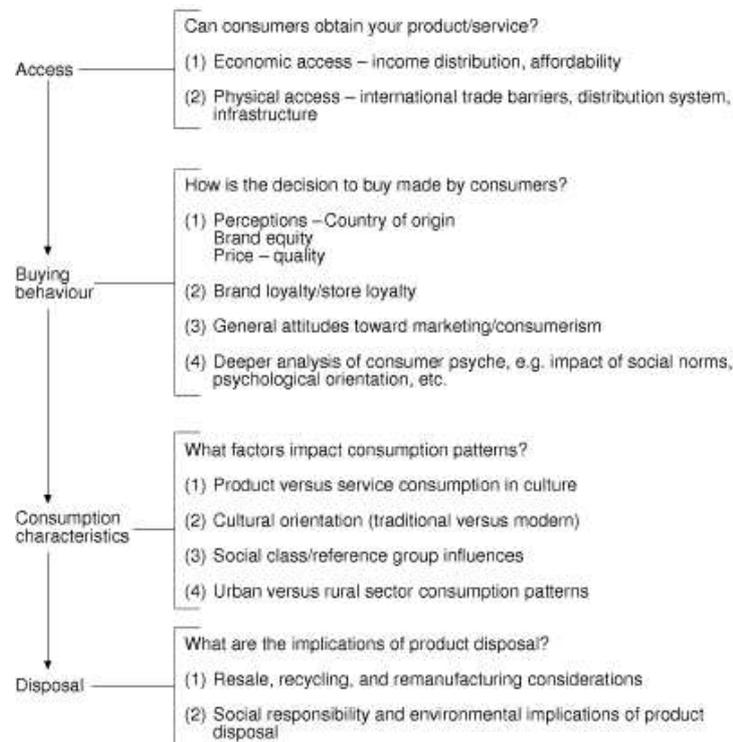
When entering a new market, it is important that the target country is visited to obtain a sense of the country and its market. Managers should contact potential local partners, e.g. distributors, customers, suppliers, estate agents and governmental agencies. Also companies who are already active in the target country can be a

31

valuable source of information. Many countries have business councils which serve as a platform where its members can network with other council members, businessmen and authorities. When producing consumer products it is wise to make a number of store-checks in the target country, in order to attain an overview of the local offer concerning competitors and substitute products.

In the last part of this section attention is paid to the entry into Eastern European markets. As indicated by Kotabe and Helsen (1998) and also Samli (1977), conducting a market research in an emerging economy is more difficult than in western countries. The chance exists that the results will be rather limited. This limitation is due to at least three key factors: lack of data, incomparability of the existing data, and presence of unfamiliar factors. These problems are even more acute in analysing East European markets which where for decades lesser known than markets in most parts of the world (Samli 1977). Further more the data on these markets are very scarce and not very comparable to other international market data. In his article Samli (1977) presents a method to classify Eastern European markets from hot to cold. The multiple factor analysis dwells upon two aspects of foreign markets: size and quality. A number of general indicators, available of every country, are used for this purpose: income per capita, employment in manufacturing, steel consumption, kilowatt hours produced, motor vehicle registration, telephones in use, radios and televisions in use.

2.2.3 Application Theory

Table 2.5: Overview of reviewed literature section 2.2.2

Author(s)	Key issues theory	Comparison different authors & parts implemented
Kotler (1)	Divides a company's market intelligence system into: internal company records, marketing intelligence activities, marketing research, and MDSS.	No additional or contradictional literuture has been found. Because the first three activities are related to the research there are presented as guideline of the collection and analysis of market information.
Cornish	Presents 7 market intelligence activities and determined their relative importancy.	In comparison the overviews of Cornish and Kotler have lot in common, however Cornish adds product testing and visiting trade shows to the activities, as for Kotler competitor intelligence is a key issue. Also Porter identifies competitor intelligence as major part of market intelligence, and he therefore elaborates the subject and related activities.
Kotler (2)	Presents several steps a company can take in order to improve the quality of its marketing intelligence	
Porter	The author further elaborates competitor intelligence, which is a major part of market intelligence.	
Zikmund	Presents a method to determine when to conduct market research.	It is good to be aware of the fact that it is not always feasible to conduct a market research. The theory provides the influencing factors.
Kotabe / Helsen (1)	Indicate that market potential is one of the key drivers when deciding to enter a particularly country. They present four methods to come up with a market size estimation: method of analogy, trade audit, chain ratio method and cross-sectional regression analysis	As well as Kotabe and Helsen, Samli use secondary data for estimating market potential. The former present several methods which one can apply. The latter focuses more on the use of simple ingredients, because estimating market potential in Eastern Europe can be problematic through incomparability, reliability and availability of the data. Therefore both authors provided valuable input for the developed method.
Samli	Argues about the problems of collecting and analysing market information in Eastern European countries. Therefore when estimating market potential one should use simple ingredients.	
Kotabe / Helsen (2)	Present several ways of how primary data can be collected: focus groups, survey methods and test marketing.	In relation to the identified external factors, the literature covers the necessary methods. Therefore no additional literature was reviewed.
Raju	Argues that within a given culture, consumption processes can be described via a sequence of four stages, namely: access, buying behaviour, consumption characteristics, and disposal.	Especially for food companies, the analysis of a country's consumerism is highly important. Raju presents a good overview of the influencing factors. No additional literature has been found.

Improving market entry decision-making at Zwanenberg Food Group

In the second section of this chapter the identified external factors were further elaborated, thereby possible sources and methods for collecting and analysing this kind of information were identified. An overview and comparison of the reviewed literature of section 2.2.1 has been presented in table 2.4. An overview and comparison of the reviewed literature of section 2.2.2 is presented in table 2.5.

When entering new foreign markets the process of collecting and analysing market information is not entirely determined. Companies can use more than one source and method to acquire the needed information. It is, however, judicious to start researching the general, environmental factors and then gradually focus on to the more specific, market factors. This because the majority of the general factors can more easily be researched through the collection of less costly and already available secondary data, than the more specific factors, which often require the collection of expensive primary data.
Although in some situations companies already possess market information through for example former activities in the target country. Therefore the company's internal records are sometimes a valuable source of information.

As cited earlier; how a company responds to external factors in choosing an entry mode and strategy depends on internal factors. Therefore the outcome of the internal analysis will influence the required (market) information. Also the analysis of the home country factors influences the required (market) information. If, for example, the company is going abroad because of rising labour costs in the home country, it is availed by a more detailed information concerning the foreign labour market. The stages of the process of collecting and analysing information for foreign market entry are portrayed in figure 2.9.

Figure 2.9: Research Method for
Foreign Market Entry
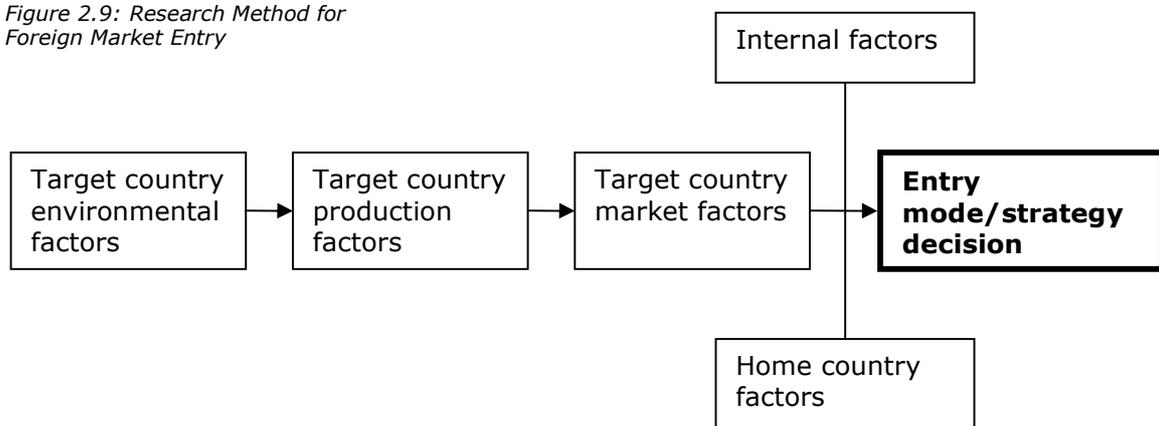
For each type of information, sources and methods for collecting and analysing were identified. These are summarized in table 2.6 (the specifications of the type of information are presented in appendix 5). Because the cultural factors are especially important for food companies to study and data is more difficult to acquire, they are highlighted out of the environmental factors.

The home country factors consist as well as the foreign country of the environmental, production and market factors. Therefore the same sources and methods for collecting and analysing can be applied. Although it is likely that the research will be less elaborated. Before companies enter foreign markets they

Improving market entry decision-making at Zwanenberg Food Group

already posses an overview of home country factors. When companies then no longer believe that they can attain their strategic objectives by remaining at home, they become committed to international markets (Root 1994).

The collection of market information in Eastern European markets is sometimes difficult. Companies may need to cope with a lack of data, incomparability of the existing data, and presence of unfamiliar factors. When estimating the size and growth rate of a market, Samli (1977) suggests that companies need to look for valid, reliable data by focusing on more general indicators as for example: income per capita, employment in manufacturing, steel consumption, kilowatt hours produced, motor vehicle registration, telephones in use, radios and televisions in use.

When the company has collected and analysed the necessary market information the last step of the entry process is the determination of the most appropriate entry mode and the formulation of the entry strategy. The internal and external factors have to be weighed against each other in order to find the perfect balance.

Table 2.6: Overview of type of information and methods for collecting and analysing

Type of Information	Sources and Methods of Collection and Analysis		
	Secondary data (all can be collected and analysed by own employees of home or target country depending on language and location of data)	**Primary data**	**Desirable person(s) for collecting and analysing the primary data**
Environmental factors			
Political, economical, social, technological, environmental and legal.	Data bases of governmental bodies, trade unions, national banks and agencies; trade magazines, marketing journal and periodicals	Contacting governmental agencies, present collegue companies, consultancies; interviewing; and visits	Own employees of home or target country depending on language and location of data
Cultural	Reports, studies and trade magazines	Observation and interviewing	Own employees or external research company with target country origin, because of language and cultural gap
		Questionnaires	
		Focus groups	
Production factors			
Natural sources, labour, capital and economic infrastructure.	Data bases of governmental bodies, trade unions, national banks and agencies; trade magazines, marketing journal and periodicals	Contacting governmental agencies, present collegue companies, consultancies; interviewing; and visits	Own employees of home or target country depending on language and location of data
Market factors			
Size and growth rate	Internal company records	Store-checks	
	Data bases of governmental bodies, trade unions, national banks and agencies; trade magazines, marketing journal and periodicals	Enlist the services of market research companies	By management/employees in home or target country
	Method of analogy		
	Current/historic import/export figures		
	Chain ratio method		
	Cross-sectional regression analysis.		
	Reports of market research companies		
Competition (e.g.: quality, pricing policies, marketshares and marketing strategies)	Publicly filed reports	Inspection of competitor's products	If it is a local competitor it's desirable to conduct the research through own employees or external research companies familiar with the target market. If competitor is a international company, there is a possibility to conduct the research in home or other foreign country where competitor is active.
	Management speeches	Estimates by engineering staff	
	The business press	Interviewing former employees	
	Collecting competitors' ads	Talking to customers	
	Reports of market research companies	Talking to suppliers	
	Internal company records	Attending open houses and tradeshows	
		Enlist the services of market research companies	
Buyers, suppliers and distributors	The business press	Focus groups	Own employees or external research company with target country origin, because of their language and familiarity with target country
	Publicly filed reports	Observation and interviewing	
	Management speeches	Questionnaires	
	Reports of market research companies	Interviewing	
	Internal company records	Attending at industry conferences	
		Contacting suppliers and R&D partners	By management/employees in home or target country
		Take part in professional organisations, buying groups and business councils	
		Enlist the services of market research companies	
		Store-checks	By salesteam and store-checks also by management/employees
		Sales and service feedback	

2.3   Conclusion

Companies enter foreign markets when they no longer believe that they can attain their strategic objectives by remaining at home (Root 1994). Normally they follow one of the following three strategies while investing in a foreign market: market seeking, efficiency seeking and resource seeking (Buckley & Ghauri 1999). The choice of the entry mode and strategy is depending on a number of factors.

The review of the literature has resulted in determining a number of internal and external factors influencing the market entry decision-making process. Because the focus of this research is on collecting and analysing information for foreign market entry, the external factors were further elaborated. Thereby possible sources and methods for collecting and analysing this kind of information were identified. Table 2.6 summarizes the necessary information, possible sources and methods for collecting. However how to analyse and when to collect the information are not included.

For the majority of the environmental factors it is not difficult to analyse the collected information. In general this kind of information is easy to understand. If for example an overview of the political climate or legislation is obtained, management should question itself whether it is able to cope with it or to adapt their products and/or procedures. It also helps to compare the collected data to that of a other country. For the analysis of the foreign country's consumer behavior figure 2.8 provides a useful method. This paradigm distinguishes access, buying behavior, consumption characteristics and disposal in order to analyse a country's consumer behavior.

A country's production factors are all about the availability and quality. If the aspects of interest are available, management should analyse its quality. For the natural resources a visit (for example land) or analysis of the research department (meat) is necessary. The analysis of the quality concerning labour, capital and economic infrastructure speaks for itself.

To analyse the size and growth rate of a market four methods have been presented, which are summarized in table 2.6. The method of analogy, current/historic import figures, chain ratio method and cross-sectional regression analysis are not always necessary to apply. Only when specific information is not available these methods come in hand to provide an indication of a markets size and growth rate.

Analysing the market factors further consists out of the analysis of competitors, customers, suppliers and distributors as identified in table 2.6. For example concerning the competitors, the specific information of these firms (summarized in appendix 5) should be compared with one another. This multidimensional scaling (MDS) (Alsem 2001) provides management the ability to compare and scale the competitors to each other and to the own firm. For the analysis of potential customers, suppliers and distributors the same principle applies.

When to collect which information depends on a number of aspects, which are presented in figure 2.7. In every specific situation management should question itself whether it is necessary to conduct a market research and whether this will be done internal or will be outsourced. As identified the majority of the more general environmental and production factors consist out of the collection and analysis of secondary data. Therefore the company will most likely conduct this kind of research internal and in an early stage. When focusing more on the specific market factors, the collection and analysis is more time-consuming and more difficult. In this case it is sometimes profitable to enlist the services of a market research company.

So in theory, a company will attain a good overview of the foreign target country by using the identified possible sources and methods. Together with the analysis of the internal factors the company can then decide whether or not to enter. When the

decision to enter has been taken, the company can determine the entry mode and formulate an entry strategy.

The main purpose of this research has been to improve the process of collecting and analysing information for market entry at ZFG. Therefore the outcome of the literature review has been adapted to the desires and organizational characteristics of ZFG. The analysis of the method of collecting and analysing information for market entry and the desired situation is treated in the next chapter.

The final contribution of the literature review was that with the identification of the internal and external factors and associated entry modes and strategies a knowledge level has been formed, through which it was possible to provide ZFG with recommendations concerning their entry strategy for the Romanian market.

Improving market entry decision-making at Zwanenberg Food Group

3   Internal Analysis

The next step of the research was to analyse the situation at ZFG. By examining the current method of collecting and analysing market information, the organizational characteristics and the desired situation, an answer has been provided to the second research question. As a result the outcome of the literature review has been adapted to the characteristics of ZFG in order to make it upmost appropriate to use. The following research question has been presented:

To which extend do the characteristics of ZFG influence the market information collection and analysis process as identified in the theory?

The answering of the second research question sheds light on the process of collecting and analysing information for market entry at ZFG. Thereby it was important to identify which parts of table 2.6 were in accordance with the characteristics of ZFG and which parts had to be adapted. Therefore the current method was analysed with the focus onto the collection and analysis of information concerning environmental, production and market factors. The recent entry of the Romanian market has been analysed and presented as illustration of the collection and analysis process. Looking back at this process provides an insight of how information is collected and analysed at ZFG during a market entry process.

3.1   Current Method

Before ZFG is considering to enter a foreign country, the company has probably already collected and analysed information concerning the country. With exporting their products to more than one hundred countries and purchasing their products worldwide, ZFG is already receiving and also collecting a lot of data concerning a large part of the world. As a producer and exporter of daily meats and meat preserves, ZFG is also constantly monitoring and scanning the meat, retail and consumer market on price developments, trends, new technologies, changing food laws, etc.. By monitoring the developments in the market, ZFG can take action in an early stage. The one responsible for a particular market is expected to monitor his/her area carefully by talking to customers, reading trade journals, visiting relevant internet sites and analysing the sales progress. Next to that a number of employees are occupied with the collection and analysis of various statistical data concerning for example raw materials. All this is part of ZFG's market intelligence system.

However, more relevant for this research is the collection and analysis of (market) information in case ZFG is launching a new product or entering a new foreign market. The decisions that then have to be taken are crucial for the future success of the new operation, relevant (market) information is therefore highly necessary. Per identified external factor an analysis has been made of the method of collecting and analysing information for market entry.

Environmental factors

Looking at the process of entering new foreign markets at ZFG, there is logical need for information concerning environmental factors, especially economic, legal and social. The economic factors, like a country's GNP and disposable income foresee the

company a first indication of a market's potential. The legal and social factors indicate in which degree the product has to be adapted to the specific demands of the foreign market. Food and product regulations differ from country to country and can be a big barrier for ZFG to enter. As for the social factors, population demographics, income distribution and in particular religion and consumerism are important aspects. The Islam and Judaism forbid amongst other things the consumption of pig-like meat and have for other meat special preparation-rules. Concerning the former these rules are called Halal and for the latter Kasjroet. ZFG is a primary supplier to consumers of Halal certificated processed meats around the world. As a food company ZFG is also highly interested in the consumerism of a country's inhabitants. Are they meat eaters or vegetarian, how do they consume the product, which tastes are they used to, etc..

Obtaining an overview of a foreign country's environmental factors is one of the first steps ZFG takes in the foreign market entry process. The collection and analysis of this secondary data has the advantage that it can be carried out in the home country in a rather cheap way. An office employee within ZFG collects and analyses the data by contacting, or searching through the databases of, governmental bodies, trade unions, national banks, agencies, trade magazines, marketing journals, periodicals, etc.. Also the experiences of ZFG's managers with the specific country and information collected through their network contacts, help in obtaining an overview of the country's environmental factors. These sources of the information and the desirable persons to collect, correspond with those identified in the literature review.

Based on signals from the environment, management indicated Romania as a potential market for producing and selling the company's products. Management first searched for candidate companies to take over. However the prices of these candidate companies were considered as being too high. Therefore ZFG had the intention to build a factory for producing daily meats for the local market and labour-intensive products for foreign markets, canned meat products would be imported from The Netherlands. Before the entry of the Romanian market an overview of the environmental factors, apart from the socials factors, had been obtained by means of the methods described above.

In 2006 Gabriel Terinte (now general manager of ZFG in Romania) was contacted to conduct a market research in Romania. In the past Mr. Terinte was already active for a Dutch company, called Royal Brinkers. This producer of margarine products entered the Romanian market in the early 90's. From the beginning Mr. Terinte was the manager of the Romanian business and together with a dedicated team he managed to build up a big market share for Royal Brinkers in Romania. Short after the Romanian Business of Royal Brinkers was sold, Mr. Terinte left the company.

In January 2007 a business plan concerning the entry of the Romanian market was presented. Mr. Terinte would become general manager and his former team from Royal Brinkers would make the transfer from Royal Brinkers to ZFG. From the beginning of April 2007 the business plan was taken into action and from that point on the employees became an important source of information, concerning for example the country's cultural factors. During the year 2007 also a research was ordered at Tempo Advertising, the advertising company was asked to make a proposition for an advertising campaign. To support their proposition a consumer awareness research was conducted.

Production factors

As one of Europe's leading producers of daily meats and meat preserves ZFG is constantly scanning the market for the best raw materials. Therefore it is likely that the company has already an indication of a target country's available natural resources (e.g. meat). However concerning land and the other related factors of capital, labour and economic infrastructure information is collected and analysed before market entry. In particularly the availability of land, the quantity and quality of the labour force, and quantity and quality of ports and roads are of ZFG's interest. Management informs itself concerning these factors through the same procedure of collection and analysis that applies for the environmental factors mentioned above. Here also the sources of information and desirable persons to collect, correspond with those identified in the literature review.
However, before entry management is also making several market visits in order to acquire a good overview of the country and its market. These visits contribute in the knowledge level concerning, among other things, the target country's production factors.

As for the entry research process of the Romanian market also Mr. Terinte assisted in the collection and analysis of information concerning Romania's production factors, in particular during the search for the ideal location for the factory to build, the labour force and the economic infrastructure. Because of his experience, network and Romanian as his mother language, Mr. Terinte has been an important source of information.

Market factors

As noted before ZFG is a leading producer and exporter of daily meats and meat conserves. Therefore the customers on which ZFG normally focuses are supermarkets, caterers, restaurants and related businesses. An advantage compared to other industries is that in general these kind of organizations can be easily visited, through which a good impression of the market can be acquired. Store checks are therefore an important tool in providing valuable market information. For example store checks provide a good overview of the present competitors. In general the competitors of ZFG are producers and/or suppliers of daily meats and meat preserves, or of substitute products. Another advantage concerning the retail sector is that there is relatively lots of published material available. This is due to the high degree of interest of many industries (e.g. meat, bread, beer, chips, etc.) in the sector.

In 2007 the management of ZFG introduced a management tool, called Vision to Reality (V2R), which structures the product development process. V2R provides a phased development process for complex product development and projects, based on repeatedly assessing the feasibility of the product/project. The tool provides an overview of every required detail from the initiation phase up to and including the product launce. With V2R integrated in the company's information system, it simplifies communicating projects through the organization. At each moment, an up-to-date overview of a project's status can be acquired with one click.

Every project is lead by a project manager who is selected or has initiated an own project. The project manager selects his/her own team of "specialists", which are responsible for a specific part of the project, which includes collecting and analysing necessary information.

Improving market entry decision-making at Zwanenberg Food Group

ZFG's management distinguishes two types of product development processes, namely "lite" and "standard". The former refers to product improvements, cost savings & events, and covers approximately 70% of ZFG's total projects. The latter refers to new platforms, new production technologies & multi-site projects, and covers the remaining 30%. V2R is especially helpful for the complex "standard" product development processes. It distinguishes six stages: (1) discover/brainstorm, (2) scoping, (3) business case, (4) development focus, (5) testing and validating and (6) product launch. In every stage a number items have to be completed before the step to the next phase can be made. The elaboration of the stages included in the management tool are presented in appendix 9.

Several identified items, like market size, competitor's analysis, consumer analysis, identification of trends and developments, are related to the collection and analysis of information. The process of collecting and analysing (market) information during the launch of a new product is therefore already structured in the V2R-system. As one may expect the market research starts with the identification of trends & developments. In the next stage first the market size is estimated and then an internal research and focus groups are conducted. The last part of the market research is the conduction of a competitor's and consumer's analysis. The collection and analysis of market information focuses from general to more specific information.

If the product is high profile ZFG enlists the services of marketing research companies like AC Nielsen and IRI. These companies measure markets and trends at the retail level using the scan data of the bigger retailers which they then generalize for the target market. They also perform other marketing research, as for example customized consumer research. Their reports are a very valuable source of information although, they come at a rather high price.

The vast majority of foreign market entry at ZFG takes place through an export mode. In particular meat preserves are ideal food products for transportation in trucks or shipping containers. These products do not have to be cooled during transport and do not suffer due to the highly variable temperatures. This simplifies the search for a distributors and/or customers in the foreign country.

When entering a new foreign market through export, ZFG has methods available for the collection and analysis of market information. For example; in an internal report concerning export strategy made by ZFG's Export Manager Germany Mr. Sascha Leuftink an overview of the necessary market information and its sources is presented (appendix 6). The analysis of existing consumers, customers, distributors and competitors in the foreign market provides a foundation for the marketing strategy which is distinguished in price, place, promotion and product strategy. Also a foreign country's market size and growth rate are important aspects

However, when entering a new foreign market in a contractual or investment entry mode, the procedure of collecting and analysing market information is less structured. In these specific situations, which not frequently occur, the methods of collecting and analysing market information are based on the broad experience and expertise of ZFG's managers and are not tied up in a method comparable to the V2R system. A part of the decisions taken during the entry process are based onto the entrepreneurial sense of ZFG's managers. Of course a lot of market information is collected, but which and how at what specific moment is not determined. The majority of the necessary market information is collected along the way of the market entry process.

Before entry ZFG wants to have an assessment of the market size and its growth rate and an overview of the current competitors, customers and distributors. For the Romanian market this research was done in 2006 by Mr. Terinte. The research provided a broad overview of the market of daily and canned meat, with also an in-depth competitor's analysis. Mr. Terinte was assisted during research by his former colleagues of Royal Brinkers. The research was conducted by making store-checks, buying and analysing the competitor's products, speaking to potential customers and distributors, collecting competitor's ads, collecting reports and studies of research companies, reading trade magazines and more.

During the year 2007 a number of researches were conducted or ordered, so was a contract signed with AC Nielsen. The marketing company would deliver a number of two-monthly reports concerning market information like volume shares and value shares of competitors. Other research companies also provided market data like for example an overview of competitor's advertising budgets.
Also the Romanian employees and especially the sales team has been contributing in the supply of market information by examining competitor's products and prices, speaking to (potential) customers and distributors, and reading industry related published material.

The dissatisfaction of ZFG's management about the performance of the Romanian department was the initial incentive of this research. Reasons for the disappointing performance were the highly competitive market of pate and daily meats and the disappointing size of the market of other canned meat products. This had set the initial ideas for a production plant on hold. Zwanenberg Internal's general manager claimed that television commercials were highly required in order to make the Romanian business to a success. However ZFG's management first wanted to confirm the department's "right to exist", before it would approve the ATL budget. Together with the department's managers, management had been looking for opportunities in additional markets to increase their revenue. To prevent future mistakes, management wanted to be better informed about the market.

Zwanenberg International identified the canned fish market as an opportunity, because it is a rather new, potential market with no dominant players and a rather good margin. Before green light was given to import and sell canned fish, the management in The Netherlands wanted to be better informed about the market. In addition to the market of canned fish, management also wanted to have a more detailed insight concerning the market of canned meat (pate omitted). In particular consumer behaviour, margins and the competitors on the canned fish market where subjects of interest. Besides that management was open for suggestions concerning additional opportunities on the Romanian market. This research has provided a contribution in the information supply concerning the Romanian market, especially of canned fish.

3.2 Points of Concern

As described in section 3.1, ZFG has structured a big part of the (market) information collecting and analysing process. However, there is room for improvement concerning the foreign market entry process. In the process of entering the Romanian market a number of decisions were taken before a clear view of the market was available, thereby also some collected market information was wrongly interpreted.

Improving market entry decision-making at Zwanenberg Food Group

When entering a new foreign country a lot of market information is collected along the way. The collection and analysis of information, potential sources and collecting methods at which specific moment is not determined. By structuring the process of which, when, where and how market information should be collected and the application of a decision-gate system, future mistakes can be prevented. The V2R system can serve as an example of how a process, comparable to the entry of new foreign markets should be structured. Besides the prevention of future mistakes, using a method comparable to the V2R system will provide unity in future foreign market entry processes. Countries can then more easily be compared with one another.

3.3   Desired Situation

Like any other company ZFG wants to possess up-to-date and reliable information when making important market entry decisions. The company's management wants to have an overview of especially the target country's economic factors i.e.: GNP per capita and the disposable income; legal factors i.e.: food, safety and product regulations; social factors i.e.: population demographics, income distribution, religion and consumerism. Secondly of the country's production factors i.e.: the availability of land; the size, skill and knowledge level of the labour force and the quantity and quality of economic infrastructure, especially ports and roads. And last but certainly not least of the country's market factors, i.e.: the size and growth rate, competition in the form of providers of daily meats and meat preserves, an overview of the retail market and the quantity and quality of distributors.

Besides the identified sources of information and methods to collect, ZFG is also keen on making market visits to the target country. The responsible manager should experience and obtain a "feeling" about the country and the target market. Thereby it is important to have a local contact with familiarity and knowledge of the market. If it is not achievable to acquire the necessary market information through research of the own employees, management is not retained to enlist the services of research companies and other external people.

Although management realizes that market intelligence is a key-factor in making successful entry decisions, they attach also high value on to their entrepreneurial sense. The past proofs that this balance has worked well for ZFG. Like Blattberg (1994) mentioned in his book: "The solution is to combine the best of worlds, managers and models".

In particular when ZFG is considering to enter a new foreign market in a contractual or investment mode, a guideline for collecting and analysing the necessary market information would be helpful. The guideline or method is then not to replace the entrepreneurial sense of ZFG's managers, but rather to support.

3.4   Conclusion

With the V2R system ZFG has structured the process of new product development and thereby also the process of collecting and analysing market information for the sake of entering a market with a new product. ZFG has also attempted to structure the collection and analysis of market information for foreign market entry through an export mode. Only in case ZFG enters a new foreign market through a contractual or investment entry mode there exists no structure in form of a market research

method. It is noted that these <u>specific</u> situation frequently occur and that therefore each time the most appropriate collecting and analysing process is assessed.

However, the entry process of the Romanian market proofs that the foreign market research process can be improved. Therefore a method or guideline for collecting and analysing market information for foreign market entry needed to be developed. Thereby the process of market research is structured, which reduces the chance on mistakes. Also unifying the methods of collecting and analysing foreign market information simplifies the comparability between the different countries. The V2R system presented in the first section of this chapter is an example of how the process of foreign market research can be structured. By introducing a decision gate system the process is fixed in a step-by-step plan.

The internal analysis provides an insight in how ZFG is collecting and analysing information in case it is launching a new product or entering a new foreign market. Also the organizational characteristics of ZFG have been analysed and translated to the necessary market information. Because of this it is possible to provide a far more specific overview. The sources of the information and the desirable persons to collect as identified in the internal analysis correspond with those identified in the literature review. This is also the case for the way of analysing the distinguished information, although ZFG emphases the importance of store checks to analyse the competition. The internal analysis proofs that it is not possible to fix the sources of the information and the way to collect it. Therefore the method needs to be interpreted with a degree of flexibility.

In the new product development process the moment/sequence of collecting information is determined. As corresponding with the literature review, the research should start collecting and analysing the more general factors and gradually focus onto the more specific factors. However this is not the case concerning the foreign market entry process. The analysis of the entry of ZFG to the Romanian market identified an unstructured sequence of collecting and analysing information. Because this part is identified as an improvement area, it influences the presented method.

With the outcomes of the internal analysis, the method according to the literature has been adapted to ZFG, in which mainly the necessary information is more specified. The adapted method is presented in table 3.1.
Besides the summarized, emphasized factors a food company like ZFG should research, the other factors identified by the literature review remain important during the foreign market analysis. These factors influence the entry process of food companies as well.

Because of the disappointing results on the Romanian market, ZFG has changed their entry strategy from resource seeking to market seeking. Thereby management wanted to be convinced about the department's 'right to exist' before spending a lot of money on for example advertising. Because of this also the internal factors have changed, in particular the resource and commitment factors. This awareness was taken into consideration when providing ZFG with recommendations concerning their entry strategy.

Improving market entry decision-making at Zwanenberg Food Group

Table 3.1: Method for collecting and analysing information for
market entry applied to ZFG.

Type of Information	Sources and Methods of Collection and Analysis		
	Secondary data (all can be collected and analysed by own employees of home or target country depending on language and location of data)	**Primary data**	**Desirable person(s) for collecting and analysing the primary data**
Environmental factors			
Political: Stability, taxation & trade policy *Economic: GNP/capita, disposable income* *Legal: Food and safety + product regulations* *Social: Population demographics, income distribution, religion*	Data bases of governmental bodies, trade unions, national banks and agencies; trade magazines, marketing journal and periodicals	Contacting governmental agencies, present collegue companies, consultancies; interviewing; and visits	Own employees of home or target country depending on language and location of data
Consumerism	Reports, studies and trade magazines	Observation and interviewing	Own employees or external research company with target country origin, because of language and cultural gap
		Questionnaires	
		Focus groups	
Production factors			
Availability of land; size, skill and knowledge of labour force; quantity / quality transportation.	Data bases of governmental bodies, trade unions, national banks and agencies; trade magazines, marketing journal and periodicals	Contacting governmental agencies, present collegue companies, consultancies; interviewing; and visits	Own employees of home or target country depending on language and location of data
Market factors			
Size and growth rate	Internal company records	Store-checks	By management/employees in home or target country
	Data bases of governmental bodies, trade unions, national banks and agencies; trade magazines, marketing journal and periodicals Method of analogy Current/historic import/export figures Chain ratio method Cross-sectional regression analysis. Reports of market research companies	Enlist the services of market research companies	
Competition; providers of daily meats and meat preserves (e.g.: quality, pricing policies, marketshares and marketing strategies)	Publicly filed reports	Inspection of competitor's products	If it is a local competitor it's desirable to conduct the research through own employees or external research companies familiar with the target market. If competitor is a international company, there is a possibility to conduct the research in home or other foreign country where competitor is active.
	Management speeches		
	The business press	Estimates by engineering staff	
	Collecting competitors' ads	Interviewing former employees	
	Reports of market research companies	Talking to customers	
	Internal company records	Talking to suppliers	
		Attending open houses and tradeshows	
		Enlist the services of market research companies	
Buyers: hypermarkets, supermarkets, distributors & local stores (e.g.: number, size, financial strenth). Distributors: normal or cooled transport depending on product type (their coverage of the market and quality of their service).	The business press	Focus groups	Own employees or external research company with target country origin, because of their language and familiarity with target country
	Publicly filed reports	Observation and interviewing	
	Management speeches	Questionnaires	
	Reports of market research companies	Interviewing	
	Internal company records	Attending at industry conferences	
		Contacting suppliers and R&D partners	By management/employees in home or target country
		Take part in professional organisations, buying groups and business councils	
		Enlist the services of market research companies	
		Store-checks	By salesteam and store-checks also by management/employees
		Sales and service feedback	

Improving market entry decision-making at Zwanenberg Food Group

4   Application Method

The developed method (presented in table 2.6) has been applied to the Romanian market in order to analyse its applicability to Eastern European markets. It was important to analyse whether it is possible to collect and analyse market information related to all the presented factors. Besides the summarized factors of the adapted method, also the more general factors, identified by the literature review, were included in the analysis albeit to a lesser extent. The application of the developed method provides an answer to the third research question:

What are the results of the application of the selected method in Romania?

Due to the already collected data by ZFG, the limited resources and the relevance for this research, not all the necessary market information has been collected during the research. Some data concerning environmental factors was collected and a small consumer research, market size and potential assessment & analysis of the current offer were conducted. Of course the process of collecting the data at ZFG has been analysed. Furthermore, the possibility of collecting and analysing market information concerning the remaining factors was assessed by exploiting the identified sources.

The collection of the primary data, like the implementation of a consumer research and analysis of the current offer, took place in Romania. During a two week stay, market visits were done in the cities Bucharest, Buzou, Iasi, Suceava, Piatra Neamt, Roman, Bicaz and Falticeni. All the time the visits were made in company of a sales agent, through which a lot about the market was learned.
The consumer research was conducted by means of a questionnaire, which had been prepared in cooperation with Zwanenberg International's product manager. The questionnaire has been conducted in three Kaufland supermarkets in the region of Iasi. As for the analysis of the current offer, this has been done by collecting information of competitor's during visits of several hypermarkets, supermarkets, cash & carries, local stores and distributors.
Further many conversations took place with Zwanenberg International's general manager Gabriel Terinte, national sales manager Silviu Harabagiu and product manager Alma Weingold; concerning the research they already conducted and the problems they had encountered.

Most of the time the application of the method took place on the headquarters of ZFG located in The Netherlands. Here secondary data was collected by speaking to several people within ZFG, which have experience with the company's collection and analysis process for market entry. Amongst them were ZFG's general sales manager Mr. Hochstenbach and marketing manager Mr. Ticheler. Here also the already collected data and its process of collecting and analysing were analysed.
Assessing the possibility of collecting and analysing market information concerning the remaining factors took place during the stay at ZFG's headquarters or at the University of Twente. Exploiting the identified sources, like the governmental agencies, was mainly done by means of the internet or by contacting them by telephone.

The application of the method has been split into three sections, namely: target country environmental factors, target country production factors and target country market factors. Because the interest of this research has been in the applicability of

the method to Eastern European markets, an analysis of the home country factors has been omitted.

The analysis of the application identified a number of problems, market researchers encounter, when conducting a market research in Eastern European markets. By analysing and evaluating these situations, the applicability of the developed method has been optimized.

4.1   Target Country Environmental Factors

As indicated by the method, a large part of the research concerning the environmental factors can be conducted by collecting secondary data. Interesting sources are generally governmental bodies, trade unions & national and international banks. Normally these sources present their data in the home country language as well as in English. Interpreting the data should therefore not be any problem and if it is unclear, the associations mainly employ people who master the English language. However in developing countries, like Romania, most inhabitants are not educated in foreign languages. Contacting the domestic associations during the research was therefore sometimes problematic. Fortunately the Romanian colleagues at Zwanenberg International were more than helpful by contacting these sources and also with translating obtained data.

The fact that Romania joined the European Union (EU) in January 2007, turned out to be a huge advantage for collecting secondary data concerning the environmental factors. First of all the EU maintains a number of databases, in which all sorts of information is collected concerning its member countries. For example the comext database was very interesting for this research, because it provides an overview of a EU member's external trade.
Secondly, with the entry to the EU Romania is obligated to apply the European legislation and regulation. Because of this there is a lot of resemblance concerning political and legal factors with other EU members. Researching these factors is therefore less difficult, especially if the home country is also an EU member. Besides that, it is easy to collect information about the European legislation and regulation through the contact points of the EU (e.g. websites).

As indicated in the adapted method, ZFG especially needs information concerning the economic, social and legal factors. When analysing ZFG internal company records, it turned out to be that the company was well informed concerning the economic and legal factors. Amongst other things ZFG possessed a report published by the EVD (The Dutch Economic Information Service) summarizing the key environmental factors. Although social factors are also treated in the report, the information is rather superficial and subjective.

To illustrate the simplicity of collecting information concerning the economic factors, the websites of for example the IMF, the World Bank and the CIA World Factbook all provide an overview of Romania's economic factors. Looking at the economic developments it is evident that the entry to the EU has boost the Romanian economy. According to the CIA Romania's GNP for the year 2007 was about $ 166 billion, which is around $ 7500 per capita. In comparison to The Netherlands (GNP $ 768,7 billion and $ 46.182 GNP per capita), it is very poor country. However the disposable income in Romania is relatively higher, as well as the country's economic growth. The unemployment rate is with 4.1% in 2007 rather low, although a lot of

Romanian people are working in a foreign country. A positive development is the declining inflation rate, for the year 2007 it was 4.8%.

As noted before the entrance of Romania to the EU has lead to the implementation of European legislation and regulation. Because of this Romania also applies European food and safety regulation as well as European product regulation. The website of the EFSA (European Food Safety Authority) provides an overview of the current regulations and also the related, governmental bodies in Romania, the MAAP (Ministry of Agriculture, Forests and Rural Development) and MS (Ministry of Public Health) also provide useful information on their websites. However, these website are only published in Romanian. Therefore it is necessary to contact these bodies or enlist the service of someone who masters the Romanian language.

When ZFG entered the Romanian market, it was well informed about the current regulations. First of all the products of ZFG were imported for a number of years by a Romanian distributor called SC Agrirom SRL. Because of this ZFG had some prior knowledge about the food, safety and product regulations on the Romanian market. Besides that ZFG recruited several Romanian employees who were experienced with the country's food market and by that familiar with the current regulations. The last step was to contact several governmental bodies who could inform ZFG about the subject. Fortunately for ZFG their products complied, with exception of some minor details, with the requirements concerning the Romanian food, safety or product regulation.

Obtaining a good overview of Romania's social factors was not as easy as the previously treated environmental factors. This because of the fact that a large part of a country's social factors is its culture. As already indicated by the literature review the assessment of a country's culture is rather subjective. Experiencing the Romanian culture was therefore very useful for the assessment of the difficulty to collect information of the country's social factors.

Collecting factual data on the other hand was not hard at all. Through scanning the websites of governmental bodies and trade unions a good overview of Romania's population demographics, income distribution, rural or urban society and religion was quickly obtained. To provide an indication about Romania's social factors, a short summary is presented.

Romania has over 22 million inhabitants, this number is expected to decline in the upcoming years. More than half of the Romanian people live in the city, one of the reasons for this is due to the country's former communistic regime. In the communistic period large numbers of people were moved to the cities, to work in one of many governmental factories.

Surprisingly the income distribution in Romania is not disturbing as one may think. According to the Gini coefficient (named after its developer Corrado Gini), Romania scored in 2007 31 on a scale of 0 to 100, where 100 stands for total inequality. For comparison, in the same year The Netherlands scored 33.

The vast majority of the Romanians (about 86%) are Romanian Orthodox. During the communistic regime religion was "officially" prohibited, but nowadays the church is booming so to speak. When visiting the country in May 2008, almost in every town a new church was constructed. Important aspect of Romanian Orthodox are the two periods of fasten in a year. One of 5 weeks before Christmas and the other of 7 weeks before Eastern. During these periods no meat or fish is allowed for consumption. Only fish is allowed once every two weeks. The number of people who actually fast is not known, however it is important for food companies to take this phenomena in account.

48

The factual data concerning the social factors were already collected and analysed by ZFG. However the company struggled to obtain a good overview of the Romanian consumerism. Therefore a small scale consumer research in the form of a questionnaire was conducted during this research, in order to obtain a sense of the Romanian consumption behavior. The initial plan was to question shoppers outside the supermarkets, however this appeared to be very difficult. First of all the vast majority did not speak English or German and secondly candidate mayors were campaigning. Because of this the people on the street were already frequently approached and did not fancy to fill in another questionnaire.

Zwanenberg International's marketing manager, Alma Weingold, proposed to conduct the questionnaire in combination with a planned presentation in 32 Kaufland supermarkets. In every supermarket two girls would offer shoppers a bite of ZFG's products and provide them with a small present when they bought a product. When offering the present, shoppers were asked to fill in the questionnaire. Unfortunately, due to time pressure, it was only possible to conduct the research in three Kauflands in the region of Iasi. However the results are interesting and show that with a little effort and a bit of creativity, it is possible to conduct a consumer research with limited resources.

As expected Romanians prefer and eat much more meat than fish. Also during the visit it was noticed and confirmed by ZFG's Romanian employees, that the Romanians are true meat eaters. The offer of meat related products in the supermarkets is huge compared to supermarkets in The Netherlands. Besides that the results of the questionnaire also show that there is little difference when the canned meat or fish product is consumed during the day. As for the buying decision the quality of the product was the upmost important. However when asked if they were buying a specific brand, only about half of the respondents answered with yes. The summarized results of the questionnaire are presented in appendix 7.

In summary it is not so difficult to collect information about the environmental factors. The majority of the presented sources, also provide information concerning the political, technological and environmental/ecological factors. Thereby the entrance of Romania to the EU has helped in this information supply. European governmental agencies publish an abundance of reports and databases concerning the environmental factors of its member countries.

The only real problem when conducting a research about the environmental factors is the language barrier. The majority of the Romanian do not speak a foreign language and not all the governmental agencies provide data in a foreign language.

4.2 Target Country Production Factors

As identified during the internal analysis, it is not relevant to collect all information concerning a country's production factors. Besides the company's characteristics also the incentive for going abroad is determining for the necessary information. As for the environmental factors a large part of the collection exists out of collecting secondary data presented by governmental bodies and trade unions. Therefore it was not difficult to obtain a good overview of the factual data concerning Romania's production factors.

When ZFG researched Romania's natural resources it had the intention to build a factory for the production of daily meats and labour intensive products. Therefore the

company was interested in the availability of land. The entrance of Romania to the EU has ensured a decline in legal barriers for foreign firms to purchase land and/or property in the country. Together with the upcoming economy this has lead to more foreign investments and by that a higher demand for land and property. ZFG already purchased land near the city of Iasi and with the rising prices, this turned out to be a very good investment. Mr. Terinte helped ZFG's management in finding a good location and with communicating with the seller and local government. When lacking a local associate, there are plenty of governmental agencies and foreign/local companies who assist foreign companies in the purchasing process.

Related to natural resources are also the availability of raw materials. With the responsibility of buying raw materials with the best price/quality ratio, ZFG's purchasing department already searches and buys worldwide. Therefore data about the availability of raw materials in Romania was already known. However, this does not imply for the canned fish market. By analysing the current products on the market and using the comext database, it was rather easy to find out where the products where from. The majority of canned fish products appeared to be imported from Thailand. Romania nearly produces any canned fish products, further research was therefore not necessary.

When entering a new foreign country, labour is one of the most important production factors. Especially if the company is planning to build a factory employing a few hundred workers. For ZFG one of the main incentives to enter Romania was the availability of cheap labour. An average gross monthly wage was in 2007 € 418,=. In relation to their income, the Romanian workers are well educated. The size of Romania's labour force was in 2007 9.3 million, thereby the unemployment rate was 4.1%.

As an interesting country for production, there is a lot of published material about the labour force. Thereby also governmental agencies provide a lot of interesting secondary data. Obtaining a good overview of the Romanian labour market is therefore not hard at all. However it is important to keep in mind, that often the data is not subdivided on regions. More than half of the Romanian people live in the city, thereby a scarcity of proper housing ensures a low social mobility. Also the education level in the city is much higher than in the rural areas. These are important aspects in choosing the establishment location.

Like the previous treated production factors the information gathering concerning Romania's capital and the economic infrastructure exists mainly out of the collection of secondary data. Using and contacting the presented sources was enough to obtain a good overview of these factors. Although visiting the country helped in visualizing for example the quality and quantity of the roads, electricity, internet and state of buildings and machinery. Therefore besides collecting secondary data and contacting people with experience and familiarity with the Romanian market, also personal visits should be part of the research.

4.3   Target Country Market Factors

The presented method distinguishes the country's market factors into size and growth rate, competition, buyers and distributors. In this section the applicability of the presented method, to collect information concerning these four aspects is analysed. Thereby research of the canned meat as well as the canned fish market provides examples.

Improving market entry decision-making at Zwanenberg Food Group

Market size and growth rate

As indicated in the method, there are number of ways to obtain an indication of a market size and its growth rate. The first step of ZFG to provide an indication of the Romanian canned meat market was to enlist the services of AC Nielsen. This company conducted a market research by collecting scanning data of a number of hyper- and supermarkets. Then they extrapolated the outcomes to provide an indication of the total market. However small stores which are not working with scanning data, were not implied in the research. Because of this the research field of AC Nielsen only covers about half of the Romanian market. The outcome of the research is therefore disputable.

During this research ZFG's management requested to be provided with an indication of the size of the Romanian canned fish market, its growth rate and distribution. Before purchasing a market study of a research company, governmental agencies were contacted and databases were searched. The EVD provided a report published by Eurostat for free. In this report the market size was estimated on 10.400 tonnes for the year 2007 and the market grew in the past years with about 3%.
Besides the report also the comext database was searched for the import quantity and value of canned fish into Romania. It turned out to be quite easy to obtain the required information. The results of the search are summarized in appendix 8. For the year 2007 12.281 tonnes were imported. Of this amount about 8.000 tonnes are of interest for ZFG (Sardine, Mackerel and Tuna). According to an associate of the Romanian ministry/agency of fishery, there are only two domestic producers of canned fish. Together these two companies produce around 900 tonnes for domestic consumption.
Applying the trade audit method turned out to be a good way to obtain an overview of the market size, growth rate and distribution of product type (as one can see in appendix 8). The distribution of the different producers is not visible. Therefore enlisting the services of a market research company is a helpful tool.

When the market size can be estimated through explicit data like those above, it is not necessary to apply a method of analogy, chain ratio method or cross-sectional regression analysis. These methods provide a rough estimation of which the results are more disputable than those presented above.

Competitors

When ZFG analyses its competition it has the advantage that in general competitor's products, are available in supermarkets. Here prices can be collected and marketing strategies can be noticed. Also with a bit of market knowledge the margins of the competition can be calculated. Collecting prices in Romanian supermarkets turned out to be difficult, because of the distrust of the supermarket's associates. The use of a voice recorder was therefore very helpful. However with the relative low price and small size of the products, they can easily be bought. Then it is also possible to analyse the products on content, quality, taste and package in the company's laboratory. For the Romanian market, as well canned meat as canned fish products have been bought and analysed. This competitor's analysis of the canned fish market is presented in appendix 10, the content of the products has not been analysed yet.
With the collected market prices, a requested overview of the cost price by a Thai producer of canned fish and some knowledge of the Romanian retail market; it was possible to calculate the margins on canned fish market. The outcomes of this

analysis are presented in appendix 11. As one can see the average price per kilo is € 2,76 and the average gross margin 25,71%.

Besides competitor's products, also employees of customers (e.g. supermarkets) and distributors were a valuable source of information. Because of their good relation with these people, ZFG's Romanian sales agents obtained a lot interesting information (for example: competitor's discount levels). Also for the estimation of a competitor's market share and growth rate the supermarkets were helpful. Although it is for ZFG not possible to collect scanning data on a large scale. Therefore the services of the research company AC Nielsen were enlisted. The company was able to provide an estimation of the market shares of the current providers. Other research companies also provided data like for example an overview of competitor's advertising budgets.

On the Romanian canned fish market also a number of international companies are active, for example John West and Princess. Because of their international appearance, a lot of information is published in relation to these companies. It is therefore quite easy to obtain an overview of their strengths and weaknesses. And with ZFG working closely together with Princess in other countries, the company has experience with their procedures and marketing strategies. This advantage is even bigger on the meat market, were ZFG has a lot more experience and a bigger network.

Buyers

As previously noted the Romanian retail market can roughly be divided into two types of stores. On the one hand there are the supermarkets, hypermarkets, discounters and cash and carriers. On the other hand there are the small local stores serving a small community or neighbourhood. According to a published article on the website of a Romanian retail magazine called Magazinul Progresiv, Romania had in September 2007 74.285 food stores, of which 543 hyper/super markets, of which 269 are owned by foreign multinationals. Although there are relatively little hyper/super markets, discounters and cash & carries, they possess about half of the market. And it is expected that in the near future this percentage will even grow further.

Many governmental agencies and trade bodies provide data and publish articles about the Romanian retail market. For example Eurostat publishes a monthly report concerning sales, distribution, growth rate, etc.. Also with the increasing number of multinationals it is more easy to obtain market information. ZFG is already supplying a number of chains in other countries and is therefore familiar with their procedures.

Besides collecting secondary data it is advisable to visit the stores, especially in Romania. During the visit in Romania it was noticed that there were a lot of employees of suppliers working in the hyper/supermarkets. After some inquiry, it turned that in Romanian hyper/supermarkets, the suppliers are responsible for refilling the shelf and keeping it tidy. Not only own employees are deployed, also supermarket's employees associates are contacted and paid (out of reach of supermarket's management) to do the job.

When doing business with a hyper/supermarket chain in Romania, the negotiations are only conducted with the purchase department of the company. Most company's

headquarters are located in Bucharest. If the product is enlisted in the company's assortment, the ordering is done by the store's manager.

Concerning the small, local stores it is a different story. As a small company, it is not feasible for Zwanenberg International to visit all these small, local stores. Therefore the company works with several distributors as agents, who visit and supply the stores. Zwanenberg International is working with about 10 distributors covering all of Romania.

For both the distributors as the hyper/supermarket chains brand awareness of the product is important, when contacting or negotiating. However in case the brand is new and a market share must be built, the experience with and the knowledge of the market is important. This was for ZFG one of the reasons to employ Romanian sales agents.

Distributors

The big hyper/supermarket chains have one or a few warehouses from which the products are distributed over their stores through all of Romania. Therefore the deliveries have to be transported to only a few addresses.

However as previously discussed the small, local stores are being served and supplied through distributors. These companies are in general small companies, of which little information is available. Contacting someone with knowledge of and experience with the Romanian market is therefore key in obtaining an overview of these distributors.

4.4   Conclusion

In general it was well possible to collect information concerning the distinguished external factors of the method, related to the Romanian market. Thereby the entrance of Romania to the EU plays an important role. The availability of secondary data has improved through amongst other sources, the several European governmental agencies and databases. Also the decline of entry barriers and the economic prosperity has attracted many foreign companies, which want to be informed about market. Because of this more published material is available.

In table 4.1 an overview is presented of the collected information discussed in this chapter. Besides the type of collected information also by whom, how and the momentum of collection and analysis are summarized. Since the intention to enter the Romanian market, information has been collected by ZFG, the Romanian associates of ZFG, external research companies and own research. As one can see an overview of the environmental factors (consumption behavior omitted) and the production factors was available before entry. Also a number of market factors were researched before entry, albeit to a lesser extent. Some information, like market size and growth rate, was only collected after entry. It is also visible that the Romanian associates of ZFG have been playing an important role in the collection and analysing process. Not only the data that they collected was significant, also their knowledge of and experience with the country and its market that they shared.

Important to add is that the collection of market information during the own research was more focused on the canned fish market. Before the start of this thesis hardly anything concerning this market was collected. The available market information was specified to daily and canned meats.

Most of the obtained data was easy to analyse, however in some cases it was only available in Romanian. Also contacting several Romanian governmental agencies, store associates and consumers, turned out to be rather problematic because of the language gap. Therefore it is important to have Romanian employees or enlist the services of an interpreter.

When analysing reports of a research company, like AC Nielsen, it is essential to realize that these companies do not cover the entire market. Therefore ZFG should be cautious interpreting the results. The best way to estimate, for example market size, is to use more than one source. This observation characterizes the application of the method. It is a guideline of the information to collect and the sources to use, not a fixed model.

The last conclusion of the application is that visiting the foreign country has been underexposed in the method. During the stay in Romania several market aspects were noticed, which could not have been foreseen in any research method. For example the responsibility of suppliers to fill up the shelf and keep it neat, is something a store check learns. Experiencing the foreign country and its market provides a sense of amongst other things the country's culture, the way of working and the difficulty or ease of communicating with the people.

Table 4.1: Overview of collected and analysed information at ZFG.

Type of information	Collected by	Method of collection and analysis	Momentum
Environmental factors			
Political, economical, social, technological, environmental and legal	Internal ZFG	Searching data bases of governmental bodies, trade unions, national banks and agencies; trade magazines, marketing journal and periodicals	Start of project
		Contacting governmental agencies	Start of project
		Acquiring and analysis of report EVD	Start of project
	Romanian associates	Experience and knowledge of country	Communicated start of project
		Contacting governmental agencies	Start of project
		Searching data bases of governmental bodies, trade unions, national banks and agencies; trade magazines, marketing journal and periodicals	Start of project
	Own research	Contacting governmental agencies	During thesis
		Searching data bases of governmental bodies, trade unions, national banks and agencies; trade magazines, marketing journal and periodicals	During thesis
Consumer research	Own research	Conducted in three Kaufland supermarkets	During thesis
	Ext. research company	Brand awareness research by Romnibus	Start of project
	Ext. research company	Consumerresearch by Tempo-advertising	Start of project
	Romanian associates	Experience and knowledge of country	Communicated start of project
Production factors			
Availability of land; size, skill and knowledge of labour force; capital; economic infrastructure	Internal ZFG	Searching data bases of governmental bodies, trade unions, national banks and agencies; trade magazines, marketing journal and periodicals	Start of project
		Experience during country visits	For and during project
	Romanian associates	Contacting governmental agencies	Start of project
		Searching data bases of governmental bodies, trade unions, national banks and agencies; trade magazines, marketing journal and periodicals	Start of project
		Experience and knowledge of country	Communicated start of project
	Own research	Searching data bases of governmental bodies, trade unions, national banks and agencies; trade magazines, marketing journal and periodicals	During thesis
Market factors			
Estimation size and growth rate	Own research	Current/historic import/export figures	During thesis
		Report Eurostat	During thesis
	Ext. research company	AC Nielsen report	Late stadium project
Competitor's analysis	Romanian associates	Inspection of competitor's products	Start of project
		Talking to customers	For and during project
		Talking to distributors	Start of project
		Store-checks	For and during project
		Sales and service feedback	During project
		The business press	For and during project
	Own research	Collection of prices	During thesis
		Store-checks	During thesis
	Internal ZFG	Estimates by engineering staff	For and during project
	Ext. research company	AC Nielsen report	Late stadium project
	Ext. research company	Tempo-advertising	Start of project
Analysis retail market	Ext. research company	AC Nielsen report	Late stadium project
	Internal ZFG	Acquiring and analysis of report EVD	Start of project
		Market visits	For and during project
	Romanian associates	Experience and knowledge of market	Communicated start of project
		Contact with customers	All the time
	Own research	Report Eurostat	During thesis
Analysis distributors	Romanian associates	Experience and knowledge of market	Communicated start of project
		Contacting distributor's	Start of project

Improving market entry decision-making at Zwanenberg Food Group

5   Discussion of Findings

With the review of the literature, the internal analysis and the application of the developed method; it is possible to provide ZFG with suggestions concerning their method for collecting and analysing information for the entry of Eastern European markets, and their entry strategy for the Romanian market. Therefore this chapter provides an answer to the fourth research question:

What suggestions can be formulated for ZFG based on the application of the selected method to Romania?

ZFG was not satisfied with the information supply about the Romanian market and wanted to be better informed in order to make better decisions concerning their entry strategy. The internal analysis indicated that ZFG's process of collecting and analysing information for foreign market entry lacked some structure. In order to provide ZFG with a method the literature has been reviewed. In table 2.3, 2.4 and 2.5 overviews of the reviewed literature have been presented. As one can see the necessary information of the target country, possible sources and desirable persons to collect were identified. These aspects are summarized in table 2.6. According to the literature it is advisable to start researching the more general, easy available factors and then gradually focus onto more specific factors. Besides the target country factors, the review of the literature identified that also internal company factors and home county factors influence the foreign market entry process. These factors influence the choice of entry mode and strategy as well as the necessary information of the target country.

With the outcomes of the internal analysis the method has been adapted to the characteristics of ZFG. Especially the necessary information has been specified to ZFG. Because of that, the method also becomes relevant for other food companies when entering Eastern European markets. The adapted method is presented in table 3.1. The internal analysis and the application of the method have also indicated the advantages of employing local people and making market visits to the target country. These results are particularly visible in table 4.1 were the Romanian associates of ZFG have been an important collector of information. However, it is good to be aware of the fact that the local associates have a huge interest in the possible market entry of the company. Therefore this interest can influence the reliability of the collected and analysed information. In table 4.1 it is also visible that ZFG has collected a majority of the market information in a later stadium of the market entry process. It would have been better if ZFG had analysed the market factors more in-depth, before entering Romania.

Like any other company ZFG wants to possess up-to-date and reliable information when making important market entry decisions. Therefore before entry, the company needs to have an overview of especially the target country's environmental factors, namely its political factors: i.e. stability, taxation policy & trade regulations; economic factors i.e.: GNP per capita and the disposable income; legal factors i.e.: food, safety and product regulations; social factors i.e.: population demographics, income distribution, religion and consumerism. Secondly of the country's production factors i.e.: the availability of land; the size, skill and knowledge level of the labour force and the quantity and quality of economic infrastructure, especially ports and roads. And last but certainly not least of the country's market factors, i.e.: the size and growth rate, competition in the form of providers of daily meats and meat

preserves, an overview of the retail market and the quantity and quality of distributors.

The process of collecting and analysing this information and the decision of the most appropriate entry mode and strategy, should be divided into four phases. These have been presented in figure 5.1. The process starts researching the environmental factors of which an overview can be presented with the least resources. Before ZFG starts researching or answering the following phase, an overview and analysis of all the necessary information should be made. For every next phase more resources need to be dispensed.

Figure 5.1: Overview of Phased Collection and Analysis Process for Market Foreign Entry.
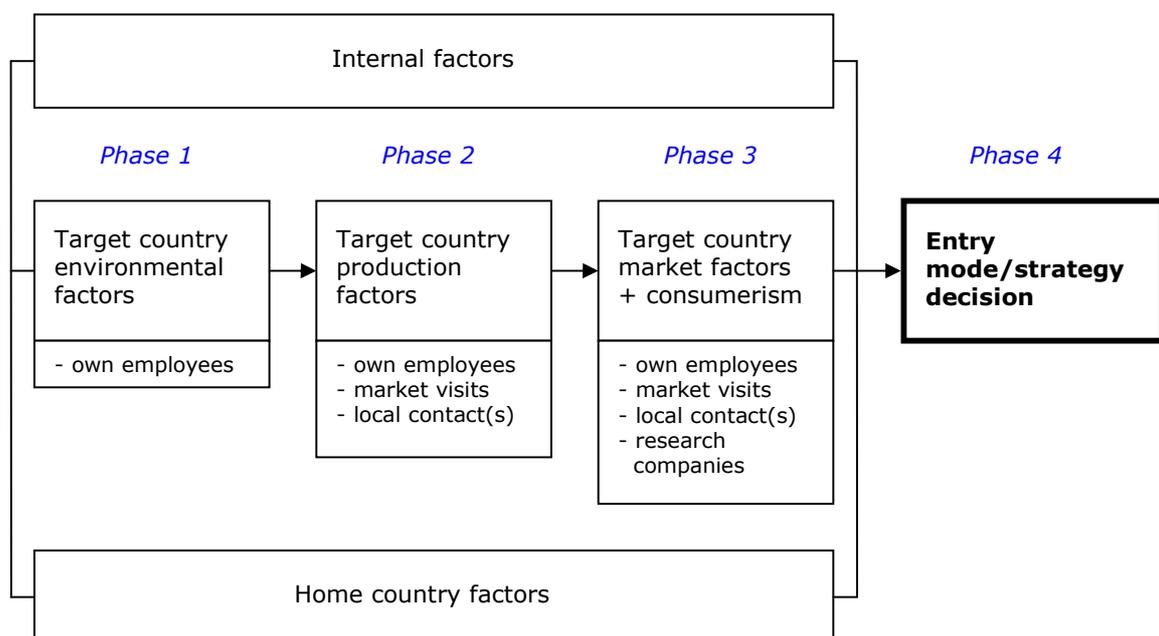
ZFG should start researching the environmental factors (consumerism omitted) by collecting secondary data through the identified possible sources (presented in table 3.1). It's important that ZFG uses more than one source in order to prevent that entry decisions will be taken on incomplete or unreliable information. The collection and analysis should be done by ZFG's own employees, with possible assistance of an interpreter or local contact. Analysing the environmental factors is not so difficult, because the interpretation of the data is a rather straightforward process. If ZFG is able and willing to cope with the environmental factors the research can continue to the next phase.

During the second phase ZFG should research the target country's production factors. Concerning these factors it is possible to provide an overview through the collection and analysis of secondary data. However it is advisable to collect also some primary data by visiting the country and enlisting the services of a local contact. Statistical data can provide a distorted picture of reality. As for all the

Improving market entry decision-making at Zwanenberg Food Group

identified external factors possible sources are presented in table 3.1. To analyse the production factors it is good to have a bench-mark in the form of the home or other foreign country.

When a clear view of the production factors has been obtained and the target country remains interesting, the following phase of the research is the collection and analysis of information concerning the target country's market factors. Besides the identified necessary information, presented in table 3.1, here also information needs to be collected and analysed concerning the country's culture and especially its consumer behavior. This because obtaining an overview of a country's culture is a more time consuming process, which therefore should be done in a later stadium of the research process.

For the collection and analysis of market information ZFG should use its own employees and local contact(s) for the collection of secondary data and easy available primary data, by using the identified sources summarized in table 3.1. For the more difficult, obtainable data ZFG should enlist the services of a market research company. Analysing data concerning competitors should be done by multidimensional scaling (MDS) (Alsem 2001), which provides management the ability to compare and scale the competitors with one another and the own firm. For the analysis of potential customers, suppliers and distributors the same principle applies.

Collecting and analysing information concerning the target country's market and culture is more difficult and time consuming than the first two phases. Far more information is necessary and concerning for example competitors and culture ZFG will have to cope with information of a more subjective nature. Researching these factors will therefore cost more resources and should therefore be done in a later stadium of the process, when the target country is still interesting.

Parallel with the first three phases ZFG should constantly monitor the company's internal factors and home country factors. These factors influence the necessary information of the target country. For example when ZFG has the intention to produce in a target country, obtaining an in-depth overview of the labour force is far more important, than when the company only wants to sell their products.

Together with the target country factors, the internal factors and home country factors influence the entry mode and strategy decision-making. The collection and analysis of all these factors is intertwined with one another. Therefore if the internal factors or home country factors change during the process, the necessary information of the target country should be revised. The collecting and analysing process for market entry can therefore be iterative.

When an overview of all the identified factors is obtained the fourth and last phase can be entered. In the last phase ZFG should decide the most appropriate entry mode and strategy on basis of all the collected and analysed information of the target country, home country and internal company.

Figure 5.1 in combination with table 3.1 provide ZFG with a tool for collecting and analysing information for the entry of Eastern European markets. The tool should be interpreted as a flexible, step by step process, which will help ZFG's managers in determining necessary (market) information, possible sources, collecting methods, and momentum of collection and analysis.

Improving market entry decision-making at Zwanenberg Food Group

Entry mode and strategy

Based on the experience with the Romanian market and the analysis of an abundance of information and data, it is possible to provide ZFG with suggestions concerning their entry strategy. During the research Zwanenberg International entered several important store chains and thereby increased their market share. In a market which is mainly meat oriented, there are opportunities for ZFG. With a good reputation, a broad and qualitative assortment, and a fully automated production process the company can be competitive on the canned meat market as an exporter. It is not possible to provide a definite suggestion, whether ZFG should build a factory in Romania. Therefore too many unknown factors influence the decision. The big advantage of producing in Romania are the low labour costs, however with the increasing economic prosperity these will eventually increase. It is questionable whether the current advantage of low labour costs will out raise the establishing costs on the long-term.

During this research the attention gradually focused more onto the canned fish market. Zwanenberg International wanted to enter this market to broaden their product line and increase the turnover. This research turned out that the canned fish market is already fairly developed. And in a meat oriented country, it is questionable whether it will be successful to import canned fish without any added value in the form of price, taste or quality. Therefore it is advisable to conduct a much broader and more in depth consumer research, than the one conducted during this research.

In the last stage of this research ZFG's management pronounced that the global financial crisis and the increasing price of fish has set the decision to enter the Romanian canned fish market on hold.

With the construction plans for the factory, the decisions to enter the canned fish market and to invest in advertising, on hold; the future of the Romanian department will depend on the appreciation of the canned meat products and the skills and dedication of Zwanenberg International's associates.

6   Evaluation Applied Method

Based on the literature review and the analysis of ZFG's characteristics a method for collecting and analysing information for market entry has been developed. In this chapter the applied method is evaluated in order to determine its contribution to the already large quantity of existing literature. Therefore an answer is provided to the fifth and last research question:

What do the results of this research contribute to the existing literature?

When reviewing the literature no perfect method for collecting and analysing information for the entry of Eastern European markets had been found. Therefore the basis of the developed method is an aggregation of the most relevant and complementary literature.

The review of the literature and in particular of Root (1994) identified a number of factors that influence the foreign market entry process. These factors form the backbone of the developed method. The identified factors have been specified by reviewing an abundance of literature, from the entry modes of Root (1994) to the country selection methods of Johansson (2000) and Ball et al (2006). The majority of the literature was very relevant and up-to-date, it was therefore not difficult to identify the necessary information when entering foreign markets.
The following step was to identify how to collect and analyse this information. Here again an abundance of literature concerning the subject has been found. Among others Kotler (2000) provided very useful methods for collecting and analysing information of especially a target market. On the other hand the literature of Cavusgil (2002) and Schneider & Barsoux (2003) helped in understanding the analysis of a country's culture.
However, when researching the literature on the foreign market entry of food companies and market entry into Eastern European countries, far less relevant and up-to-date literature has been found. Solana-Rosillo & Abbott (1998) identified two key dimensions for agribusiness firms when choosing the right entry mode. Where Samli (1977) and Kotabe & Helsen (1998) presented methods how to cope with the difficulty of collecting information in Eastern European markets.

Through in particular specifying the necessary information, the developed method was adapted to the characteristics of ZFG. The following step was to apply the adapted method to the Romanian market. The outcomes of the application proved that with the identified factors and the specified, necessary information a good overview of the target country can be obtained, with which solid market entry decisions can be taken.

Collecting and analysing information of the Romanian market appeared to be not so difficult as Samli (1977) and Kotabe & Helsen (1998) predicted. One problem encountered during the research was understanding some obtained data and contacting several local governmental agencies, customers, distributors and consumers, because of the language gap. However with the help of a local contact as interpreter, this problem was quickly remedied. There was also some difficulty concerning the acquired market reports of research company AC Nielsen. The company uses scanning data of the retail market. However about half of the Romanian retail market consists of local stores which do not work with scanning data. Therefore the results are disputable. As for all the necessary information, it is

advisable to collect from more than one source, in order to compare the results with one another.

An important improvement in the information supply concerning Romania, is thanks to the entrance of the country to the EU. Because of that more governmental agencies collect, analyse and present information in free reports and online databases. Also other agencies like the CIA and the World Bank present a lot of information concerning the country. Therefore it is logical that the information supply concerning the Eastern European country Romania has improved in comparison with the time Samli (1977) and Kotabe & Helsen (1998) conducted their researches.
Thereby the good local contact and market visits were also important sources of information. During the visit to Romania some aspects of the market were noticed which could not have been identified by relying on external sources. Therefore store checks and market visits should be emphasized in the developed method. Making market visits was far more problematic for Samli (1977), because of the communistic regime Romania had at that time.

In summary the majority of the reviewed literature turned out to be up-to-date and very relevant for this research. Therefore the application of the method does not contribute "new" necessary information or better collecting and analysing methods to the existing literature. The contribution of this research to the literature is therefore a guideline for the collection and analysis process of food companies for Eastern European markets. Thereby the application of the method proved that researching a Eastern European country and its market is not so difficult as it has been in the past. The articles of Samli (1977) and Kotabe & Helsen (1998) are therefore outdated. Thereby this research acknowledges the importance of the entrance of Romania to the EU in relation to the improvement of the availability of necessary data. This makes it difficult to assess whether the method is applicable to other Eastern European countries, which are no EU members. Future research is necessary to assess the difficulty of applying the method to these countries.

The application of the method has learned that it is not possible to present a fixed step by step plan for the process of collecting and analysing information concerning market entry. The home country and internal factors influence the necessary market information related to the external factors. This makes the entry process a very dynamic phenomena, which should be approached with a certain degree of flexibility. The presented method should therefore be interpreted as a guideline for collecting and analysing information for foreign market entry.

7   Conclusions and Recommendations

The last chapter provides an overview of the conclusions and recommendations of this research concerning the process of collecting and analysing information for the entry of Eastern European markets at ZFG, the literature and the developed method.

7.1 Conclusions

The overlying objective of this research was to improve the information collecting and analysing process for the entry of Eastern European markets at ZFG. The developed method provides ZFG with a guideline which summarizes the necessary market information, possible sources, collecting methods and momentum to collect and analyse (table 3.1 in combination with figure 5.1). The guideline provides management an useful tool when making important market entry decisions.

The application of the method to Romania appeared to be not so difficult as expected beforehand. By using or analysing the identified sources and collecting methods it was demonstrated that a good overview of the influencing factors is well possible to obtain. Thereby the assistance of ZFG's Romanian employees and the visit to the country and its market were important sources of information.

This research acknowledges the importance of the entrance of Romania to the EU in relation to the improvement of the availability of necessary data. This makes it difficult to assess whether the method is applicable to other Eastern European countries, which are no EU members. Future research is necessary to assess the difficulty of applying the method to these countries.

Although the method has been adapted to the characteristics of ZFG, it is also relevant for other food companies. The same influencing factors, types of information, sources and collecting methods apply. As indicated, the entry process is very dynamic and highly influenced by the home country and internal factors. Therefore the method should be adapted to the situation of the company on the specific time. The method should be interpreted as a flexible step by step plan.

Concerning their current entry strategy for the Romanian market, management sits in an awkward situation. Because of the disappointing results and the current global financial crisis, the construction plans for the factory, the decisions to enter the canned fish market and to invest in advertising, are on hold. Therefore the future of the Romanian department will depend on the appreciation of the canned meat products and the skills and dedication of Zwanenberg International's associates.

7.2 Recommendations

The last step of this research summarizes the indicated recommendations. These are provided concerning ZFG's method of collecting and analysing information for the entry of Eastern European markets:

-   Table 3.1 provides ZFG with all the necessary information, possible sources and desirable persons to collect. In combination with figure 5.1 this provides ZFG with guideline the company should apply during the foreign market entry process.

Improving market entry decision-making at Zwanenberg Food Group

- It is important that ZFG uses more than one source in order to prevent that entry decisions will be taken on incomplete or unreliable information.
- As is presented in figure 5.1, ZFG should start researching the target country's environmental factors in phase 1, next the production factors in phase 2 and as last the market factors in phase 3. Before entering a following phase, a complete overview of the necessary information should be formed on which a decision to continue the research is made.
- Parallel with the collection and analysis of information concerning all the target country's factors, ZFG should obtain overviews of the home country and internal factors as well.
- Based on all the collected and analysed information concerning all the presented external and internal factors, ZFG should make the important entry mode and strategy decisions.

63

_____
Improving market entry decision-making at Zwanenberg Food Group

Literature

Alsem, Karel Jan; Strategische Marketing Planning, 3rd edition, Wolters-Noordhoff BV, 2001.

Ball, Donald A., Wendell H. McCulloch Jr., Paul L. Frantz, J. Michael Geringer & Michael S. Minor; International Business – The Challenge of Global Competition, 10th edition, Irwin McGraw-Hill, 2006.

Blattberg, Robert C., Rashi Glazer & John D. C. Little; The Marketing Revolution, 1st edition, Harvard Business School Press, 1994.

Buckley, Peter Jennings, Pervez N. Ghauri; The Internationalization of the Firm, 2nd edition, Thompson Business Press, 1999.

Cavusgil, S. Tamer; Guidelines for Export Market Research, Business Horizons, Vol. 28, No. 6, 2001.

Cavusgil, S. Tamer, Pervez N. Ghauri & Milind R. Agarwal; Doing Business in Emerging Markets, 1st edition, Sage Publications Inc., 2002.

Cornish, Susan L.; Strategies for the Acquisition of Market Intelligence and Implications for the Transferability of Information Inputs, Annals of the Association of American Geographers, Vol. 87, No. 3, Sep. 1997.

Crix, Jonathan; The foundations of Research, 1st edition, Palgrave Macmillan, 2004.

Hill, Charles W. L., Peter Hwang & W. Chan Kim; An Eclectic Theory of the Choice of International Entry Mode. Strategic Management Journal, Vol. 11, No. 2, Feb. 1990.

Hoskisson, Robert E., Lorraine Eden, Chung Ming Lau & Mike Wright; Strategy in Emerging Economies, The Academy of Management Journal, Vol. 43, No. 3. June 2000.

Johansson, Johny K.; Global Marketing, 2nd edition, Irwin McGraw-Hill, 2000.

Johnson, Gerry, Kevan Scholes & Richard Whittington; Exploring Corporate Strategy, 7th edition, Prentice Hall, 2006.

Kotabe, Masaaki & Kristiaan Helsen; Global Marketing Management, John Wiley & Sons Inc., 1998.

Kotler, Philip; Marketing Management, 10th edition , Prentice Hall International, 2000

Porter, Michael E.; Competitive Strategy, 1st edition, The Free Press, A Division of Macmillan Publishing Co., Inc., 1980.

Raju, P. S.; Consumer Behavior in Global Markets: the A-B-C-D paradigm and its application to eastern Europe and the Third World, Journal of Consumer Marketing, Vol. 12, No. 5, 1995.

Improving market entry decision-making at Zwanenberg Food Group

Root; Franklin R.; Entry Strategies for International Markets, 1st edition, John Wiley & Sons Inc., 1994.

Samli, A. Coskun; An approach for Estimating Market Potential in East Europe, Journal of International Business Studies, Vol. 8, No. 2, Autumn – Winter, 1977.

Saunders, Mark, Philip Lewis & Adrian Thornhill; Research Methods for Business Students, 4th edition, Prentice Hall International, 2007.

Schneider, Susan C. & Jean-Louis Barsoux; Managing Across Cultures, 2nd edition, Pearson Education Limited, 2003.

Shama, Avraham; Determinants of Entry Strategies of U.S. Companies into Russia, the Czech Republic, Hungary, Poland, and Romania. Thunderbird International Business Review, Vol. 42, No. 6, 2000.

Solana-Rosillo, Juan B. and Philip C. Abbott; International Entry Mode Decisions by Agribusiness Firms: Distribution and Market Power. American Journal of Agricultural Economies, Vol. 80, No. 2, 1998.

Steehouder, Michaël, Carel Jansen, Kees Maat, Jan van der Staak & Egbert Woudstra; Leren Communiceren, 1e edition, Wolters-Noordhoff, 1992.

Zikmund, William G.; Exploring Marketing Research, 4th edition, The Dryden Press, 1991.

List of used internet sites

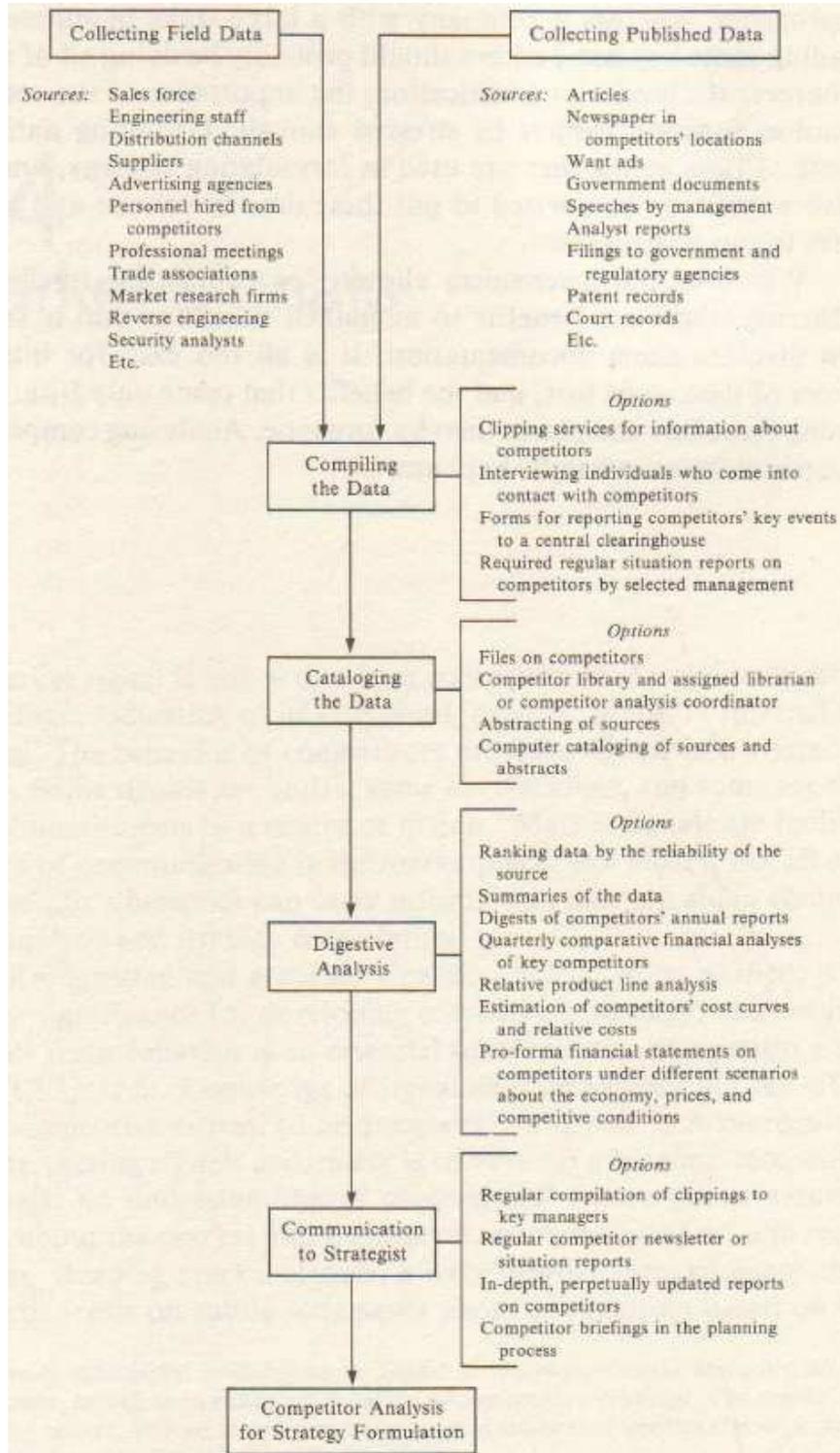|	
CIA The World Factbook	- https://www.cia.gov/library/publications/the-world-factbook/
Comext Database of EU	- http://exporthelp.europa.eu - http://epp.eurostat.ec.europa.eu/newxtweb/
Economic Information Service	- http://www.evd.nl/home/index.asp
EU Export Helpdesk for Developing Countries	- http://exporthelp.europa.eu
EU Fishery and Aquaculture Department	- http://www.fao.org/fishery/countrysector/FI-CP_RO/en
European Union	- http://europa.eu/index_nl.htm
IMF	- http://www.imf.org/external/index.htm
National Bank of Romania	- http://www.bnr.ro/def_en.htm
Romanian Ministry of Agriculture, Forests and Rural Development	- http://www.maap.ro/
Romanian Ministry of Public Health	- http://www.ms.ro/
Romanian Retail Magazine, Magazinul Progresiv	- http://www.magazinulprogresiv.ro
South Africa Reserve Bank	- http://www.reservebank.co.za/
The World Bank	- http://www.worldbank.org/
World Trade Organization	- http://www.wto.org/
Zwanenberg Food Group	- http://www.zwanenberg.nl

Improving market entry decision-making at Zwanenberg Food Group

Appendixes

Table of contents

Improving market entry decision-making at Zwanenberg Food Group

Appendix 1 – Functions of a Competitor Intelligence System

Source: Porter; Competitive Strategy (1980).

Improving market entry decision-making at Zwanenberg Food Group

Appendix 2 – Secondary-Data Sources

Source: Kotler; Marketing Management (2000).

A. Internal Sources

Company profit–loss statements, balance sheets, sales figures, sales-call reports, invoices, inventory records, and prior research reports.

B. Government Publications

- *Statistical Abstract of the United States*
- *County and City Data Book*
- *Industrial Outlook*
- *Marketing Information Guide*
- Other government publications include the *Annual Survey of Manufacturers; Business Statistics; Census of Manufacturers; Census of Population; Census of Retail Trade, Wholesale Trade, and Selected Service Industries; Census of Transportation; Federal Reserve Bulletin; Monthly Labor Review; Survey of Current Business;* and *Vital Statistics Report.*

C. Periodicals and Books

- *Business Periodicals Index*
- *Standard and Poor's Industry*
- *Moody's Manuals*
- *Encyclopedia of Associations*
- Marketing journals include the *Journal of Marketing, Journal of Marketing Research,* and *Journal of Consumer Research.*
- Useful trade magazines include *Advertising Age, Chain Store Age, Progressive Grocer, Sales & Marketing Management,* and *Stores.*
- Useful general business magazines include *Business Week, Fortune, Forbes, The Economist, Inc.,* and *Harvard Business Review.*

D. Commercial Data

- *Nielsen Company:* Data on products and brands sold through retail outlets (Retail Index Services), supermarket scanner data (Scantrack), data on television audiences (Media Research Services), magazine circulation data (Neodata Services, Inc.), and others.
- *MRCA Information Services:* Data on weekly family purchases of consumer products (National Consumer Panel) and data on home food consumption (National Menu Census).
- *Information Resources, Inc.:* Supermarket scanner data (InfoScan) and data on the impact of supermarket promotions (PromotioScan).
- *SAMI/Burke:* Reports on warehouse withdrawals to food stores in selected market areas (SAMI reports) and supermarket scanner data (Samscam).
- *Simmons Market Research Bureau* (MRB Group): Annual reports covering television markets, sporting goods, and proprietary drugs, with demographic data by sex, income, age, and brand preferences (selective markets and media reaching them).
- Other commercial research houses selling data to subscribers include the *Audit Bureau of Circulation; Arbitron, Audits and Surveys; Dun & Bradstreet; National Family Opinion; Standard Rate & Data Service;* and *Starch.*

Appendix 3 – Resources for Secondary data

Source: Kotabe & Helsen; Global Marketing Management (1998).

International Trade
- *Yearbook of International Trade Statistics* (United Nations)
- *US Imports* (U.S. Bureau of the Census)
- *US Exports* (U.S. Bureau of the Census)
- *Exporters' Encyclopaedia* (Dun and Bradstreet)

Country Information (Socioeconomic & Political Conditions)
- *Yearbook of Industrial Statistics* (United Nations)
- *Statistical Yearbook* (United Nations; Updated by *Monthly Bulletin of Statistics*)
- *Europa Yearbook*
- *OECD Economic Survey*
- *Country Reports* (The Economist Intelligence Unit)
- *Demographic Yearbook* (United Nations)
- *Statistical Yearbook* (United Nations)
- *UNESCO Statistical Yearbook*
- *World Factbook* (Central Intelligence Agency)

International Marketing
- *European Marketing Data and Statistics* (Euromonitor)
- *International Marketing Data and Statistics* (Euromonitor)
- *Consumer Europe* (Euromonitor)
- *European Advertising Marketing and Media Data* (Euromonitor)
- *Advertising Age International*
- *FINDEX: The Worldwide Directory of Market Research Reports, Studies & Surveys* (Cambridge Information Group Directories)
- *A Guide to Selling Your Service Overseas* (Northern California District Export Council)

Chambers of Commerce
See http://www.worldchambers.com/chambers.html on the World Wide Web for a global index

Directories of Foreign Firms
- *D & B Europa* (Dun & Bradstreet)
- *Directory of American Firms Operating in Foreign Countries* (World Trade Academy Press)
- *Directory of Foreign Firms Operating in the United States* (World Trade Academy Press)
- *Europe's 15,000 Largest Companies* (E L C Publishing)
- *International Directory of Importers: Europe* (Interdata)
- *Mailing Lists of Worldwide Importing Firms* (Interdata)
- *Moody's International Manual* (Moody's Investors Service)
- *Principal International Businesses; The World Marketing Directory* (Dun & Bradstreet)

Improving market entry decision-making at Zwanenberg Food Group

Appendix 4 - Recommendations for Analysing of Consumer Behaviour

Source: Raju (1995); Consumer Behavior in Global Markets: the A-B-C-D paradigm and its application to eastern Europe and the third World.

(1) *Access:*
- Examine income distribution patterns and affordability of product/service within a culture.
- Exercise caution in evaluating the buying power of developing countries. Standard economic indexes may be misleading since they do not consider international variations in prices.
- Reposition products to appeal to all income classes whenever possible.
- Redesign products to make them more affordable, such as making cheaper versions of products, and repackaging products in smaller sizes.
- Enhance after-sale repair and maintenance services to increase the life of durable goods. Designate authorized repair centers with trained personnel and monitor spare part inventories.
- Be proactive in using countertrade and develop specific policies in regard to countertrade with developing countries.
- Use "megamarketing" to counter direct/indirect trade barriers and gain access to markets in developing countries.
- Examine the distribution system within a country and use innovative ways, e.g. direct marketing, to overcome distribution problems and gain access to consumers.
- Examine the possibilities of improving the infrastructure of developing countries, e.g. setting up a water treatment plant, and offer that as an incentive in trade negotiations to gain access to international markets.

(2) *Buying behavior:*
- Examine country of origin perceptions in developing countries and emphasize it in marketing strategy only if perceptions are positive.
- Examine your brand equity and use Western brand names and graphics if perceptions are positive. However, use local language to provide information on packages.
- Do not overly rely on a positive price-quality relationship, especially for prestige products. The price-quality relationship may not be strong in developing countries. Use other means to emphasize quality and make effective use of word-of-mouth communication.

- Provide meaningful, objective information to enhance brand loyalty and reduce the perceived risk of your brand. Examine any obstacles to consumer access to information, e.g. the bureaucratic structure or illiteracy, and devise methods to overcome these obstacles.
- Use terms such as "new and improved" with caution since these may not be effective in developing countries.
- Location and manner of salespeople are important factors in store choice in developing countries. Train local distributors on ways to improve customer service to enhance store loyalty.
- Allocate resources and devise methods to combat the negative attitudes and skepticism regarding marketing and consumerism that are generally prevalent in developing countries. Provide effective means to handle consumer complaints and improve consumer satisfaction.
- Deeper psychological variables and social norms could have a significant impact on consumer behavior in developing countries. Use them effectively in marketing strategy whenever possible.
- Note cultural similarities in consumer behavior which might allow standardization of marketing strategies across countries.

(3) *Consumption characteristics:*
- Examine product versus service consumption and its implications.
- Consider the modern versus traditional orientation of a culture and its impact on consumption as well as adoption of new products.
- Social class has a tremendous influence on consumption patterns in developing countries. Study the impact of social class and consider adapting your products to fit the more traditional middle-class values and life styles.
- Educate consumers about consumption/use of nontraditional and unfamiliar products.
- Examine the consumption behavior of the rural sector in developing countries and the opportunities it represents for marketing.

(4) *Disposal:*
- Consider durability and resale value in the design of products since consumers cannot afford to discard used durable goods.
- Design products and packaging to enable recycling. Provide mechanisms/systems to recycle products more effectively.
- Consider the strategy of "remanufacturing" products to make them durable and less expensive.
- Make sure products and byproducts of manufacturing and consumption will not harm consumers' health or the environment. Also, consider the impact of long-term use of your products on health and environment.
- Educate consumers about proper disposal methods if your product poses any threat to health or environment.
- Make your organization socially responsible.

71

Appendix 5 – Specification of Type of Information Table 2.3

Specifications were identified through the literature review presented in chapter 2.

Environmental factors	Economic infrastructure
Political	Quantity and quality of transportation, ports and communications
Government stability	
Taxation policy	**Market factors**
Foreign trade regulations	*Size and growth rate*
Social welfare policies	*Competition*
Economical	Number, size, and financial strength
Business cycles	Their market shares
GNP trends	Their marketing strategies
Interest rates	The apparent effectiveness of their promotional programs
Money supply	The quality levels of their product lines
Inflation	The source of their products – imported or locally produced
Unemployment	Their pricing policies
Disposable income	The levels of their after-sales service
Social	Their distribution channels
Population demographics	Their coverage of the market
Income distribution	Threat of new entrants
Social mobility	Degree of economies of scale
Cultural	The capital requirement of entry
Material life	Access to supply or distribution channels
Social interactions	Customer or supplier loyalty
Language (spoken/body)	Required experience
Levels of education	Expected retaliation
Lifestyle changes	Threat of substitute products
Religion	Product-for-product substitution
Values	Substitution of need
Consumerism (access, buying behavior, consumption characteristics and disposal)	Generic substitution
Technological	*Buyer*
Government spending on research	Number, size, and financial strength (payments)
Governmet and industry focus on technological effort	Their market shares
New discoveries/development	Their marketing strategies
Speed of technology transfer	Power of buyers
Rates of obsolescence	Concentration of buyers
Environmental	Cost of switching a supplier
Environmental protections laws	Threat of supplier being acquired by buyer
Waste disposal	Buyer setting up in competition with the supplier
Energy consumption	*Suppliers*
Legal	Number & size
Competition law	Their market shares
Employment law	The levels of their after-sales service
Health and safety	The quality levels of their product lines
Product safety	Power of suppliers
	Concentration of suppliers
Production Factors	Range of customers
Natural sources	Switching costs from one supplier to another
Availability and quality of land	Possibility of suppliers competing directly with their buyers
Presence of valuable minerals	*Distributors*
Labour	Number & size
Size of labour force	Their market shares
Skill and knowledge level of labour force	Their coverage of the market
Capital	The quality of their service
Quantity and quality of machines, tools and buildings	

Appendix 6 - Analysis Export Markets

Part of a report concerning ZFG's export strategy made by Mr. Sascha Leuftink; ZFG's Export Manager for Germany concerning meat products and canned meat.

Analyse exportmarkten voor Vleeswaren (per land)

1. <u>Marktanalyse</u>
    a. Consumptiegewoonten vleeswaren per land:
        i. Consumptie per hoofd v/d bevolking (per productgroep)
        ii. Gebruik verpakkingsvorm per productgroep
        iii. Stijgers en dalers
    b. Welke vleeswaren in de markt
    c. Omvang markt (afzet en omzet)
    d. Prijsstelling per product
    e. Verpakkingsvormen
    f. Schappresentatie (categorieindelingen)
    g. Trends/ontwikkelingen (convenience, etnisch)
    h. Branchverenigingen
    i. Vakbladen
2. Concurrentieanalyse
    a. Aanbieders -> Binnen- en buitenlandse producenten
    b. Marktaandelen
    c. Marges
3. Klantenanalyse
    a. Klantgroepen (retail, cash&carry, OOH, etc.)
    b. Belang diverse klantgroepen
    c. Marktaandelen
    d. Gebruikelijke handelsmarges
    e. Contactpersonen
    f. Adresgegevens
4. Entreestrategie
    a. Zelf
    b. Importeur
    c. Agent
    d. Logistiek
5. Consumentenbenadering
    a. Strategiekeuze: low profile vs. High profile
    b. Keuze Merk/pl
6. Klantenbenadering
    a. Keuze klantgroepen
7. Assortimentsbepaling
    a. Productgroepen
    b. Vaststellen USP
8. Prijsstrategie

Improving market entry decision-making at Zwanenberg Food Group

Appendix 7 – Results Questionnaire Romanian Consumer

Questionnaire conducted during visit to Romania in May 2008.

Number of respondents: 118
Percentage man/women: 55,1/43,2 (1,7 unknown)
Youngest respondent: 19
Oldest respondent: 62
Average age: 31,46 years

1. Who is responsible for buying the groceries within your household?
60 People answered this question.
38,3% Themselves
23,3% The mother
25%   The partner
13,4% Somebody else (for example, father, mother in law, etc.)

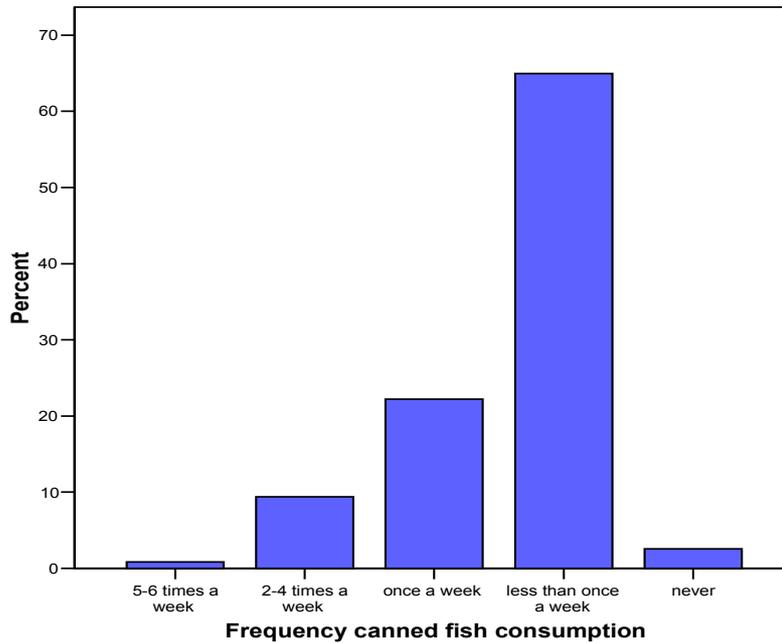**2. What kind of fish do you prefer to eat?**
Of the 118 respondents:
67,8% Fresh fish
33,1% Canned fish
12,7% Frozen fish
17,8% Semi-cans (salads, marinades, smoked, salted)

3. How frequently do you eat fish/fish products?

Improving market entry decision-making at Zwanenberg Food Group
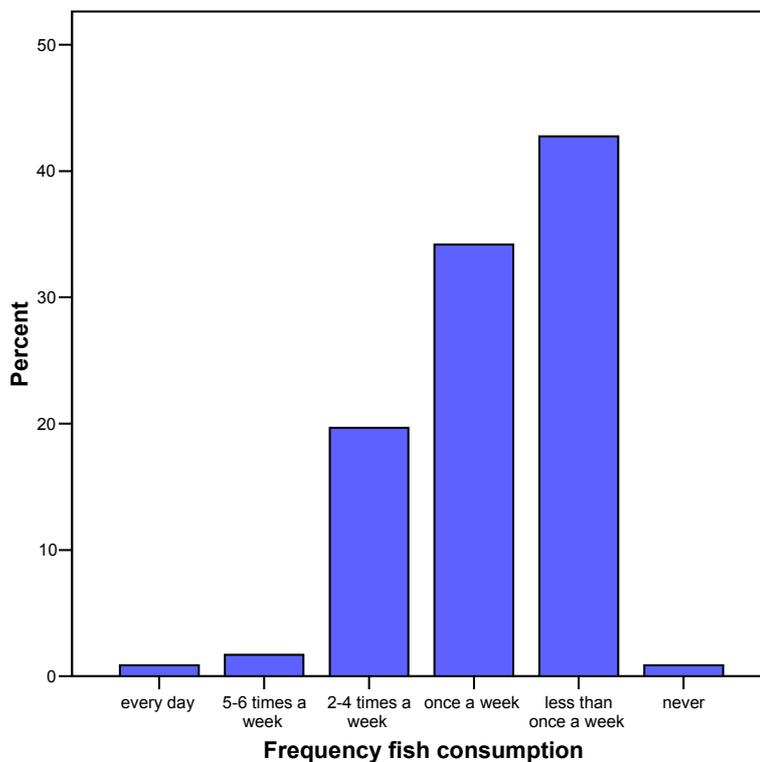
4. How frequently do you eat canned fish products?

Frequency canned fish consumption

5. Are there times in the year that you eat less or more canned fish?

Times in a year eating more canned fish

		Frequency	Percent	Valid Percent
Valid	spring	1	,8	1,4
	summer	6	5,1	8,6
	autumn	1	,8	1,4
	winter	14	11,9	20,0
	fasting	2	1,7	2,9
	no fluctuation	46	39,0	65,7
	Total	70	59,3	100,0
Missing	System	48	40,7	
Total		118	100,0	

Times in a year eating less canned fish

		Frequency	Percent	Valid Percent
Valid	summer	9	7,6	14,8
	autumn	1	,8	1,6
	winter	4	3,4	6,6
	fasting	1	,8	1,6
	no fluctuation	46	39,0	75,4
	Total	61	51,7	100,0
Missing	System	57	48,3	
Total		118	100,0	

6. Which canned fish products do you eat?

```
                            Pct of    Pct of
Name               Count   Responses  Cases

Canned tuna          82      53,9     71,3
Canned sardine       27      17,8     23,5
Canned mackerel      37      24,3     32,2
Others                6       3,9      5,2
                   -------   -----    -----
Total responses     152     100,0    132,2

3 missing cases;  115 valid cases
```

7. How do you eat the canned fish product?

Way of consumption canned fish

		Frequency	Percent
Valid	as such	63	53,4
	prepared in various meals	32	27,1
	heated	4	3,4
	on bread	10	8,5
	other way	5	4,2
	Total	114	96,6
Missing	System	4	3,4
Total		118	100,0

8. When do you eat the canned fish product?

```
                          Pct of  Pct of
Name             Count   Responses Cases

at breakfast       28      20,7    24,6
at lunch           40      29,6    35,1
at diner           51      37,8    44,7
else               16      11,9    14,0
                 -------   -----   -----
Total responses   135     100,0   118,4
4 missing cases;  114 valid cases
```

9. Do you buy a specific brand of canned fish and if yes which brand?

Purchase of a specific brand of canned fish

		Frequency	Percent	Valid Percent
Valid	Yes	16	13,6	26,7
	No	44	37,3	73,3
	Total	60	50,8	100,0
Missing	System	58	49,2	
Total		118	100,0	

10. If no, how is the buying decision concerning which brand made?

```
                             Pct of  Pct of
Name               Count  Responses  Cases

Price                17       11,9    14,7
Design                8        5,6     6,9
Quality              91       63,6    78,4
Weight               10        7,0     8,6
Recommendations      17       11,9    14,7
                   -------    -----   -----
Total responses     143      100,0   123,3

2 missing cases;  116 valid cases
```

11. Does the current offer of canned fish products satisfy your wishes, if not what do you miss?

Satisfaction with current offer of canned fish

		Frequency	Percent	Valid Percent
Valid	Yes	65	55,1	91,5
	No	6	5,1	8,5
	Total	71	60,2	100,0
Missing	System	47	39,8	
Total		118	100,0	

**12. What are you prepared to pay for your canned fish product?**

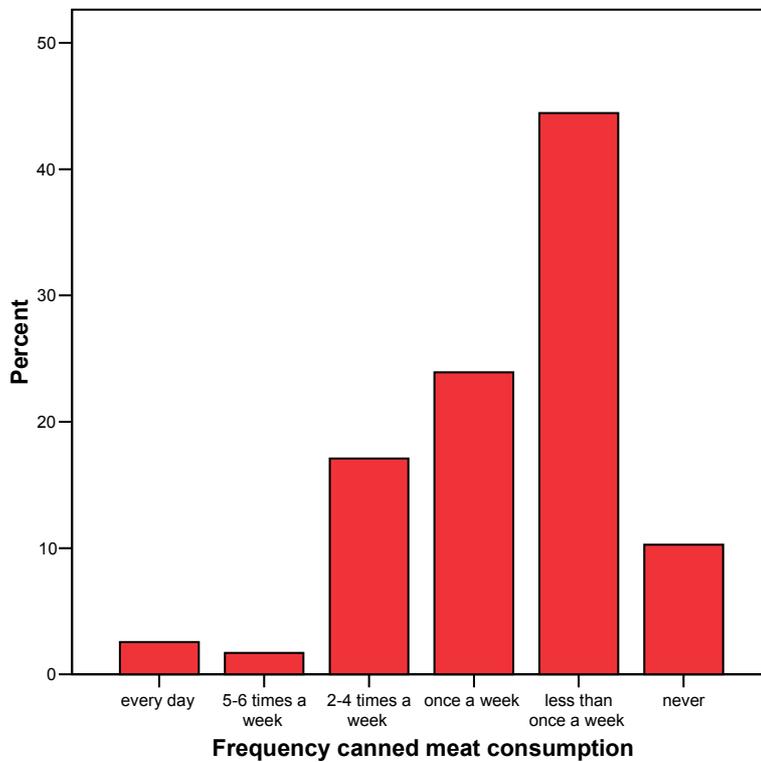|	N	Minimum	Maximum	Mean	Std. Deviation
Prepared to pay for 100g can fish	68	1,00	10,00	2,3721	1,43616
Prepared to pay for 200g can fish	65	2,00	8,00	3,5746	1,42791
Valid N (listwise)	62				

13. What kind of meat do you usually consume:

```
                                       Pct of  Pct of
Name                            Count  Responses  Cases

fresh                             95     60,5    81,9
canned                            19     12,1    16,4
prepared (deli meats/ready meals) 43     27,4    37,1
                                -------  -----   -----
Total responses                  157    100,0   135,3

2 missing cases;  116 valid cases
```

Improving market entry decision-making at Zwanenberg Food Group

14. How frequently do you eat meat/meat products?
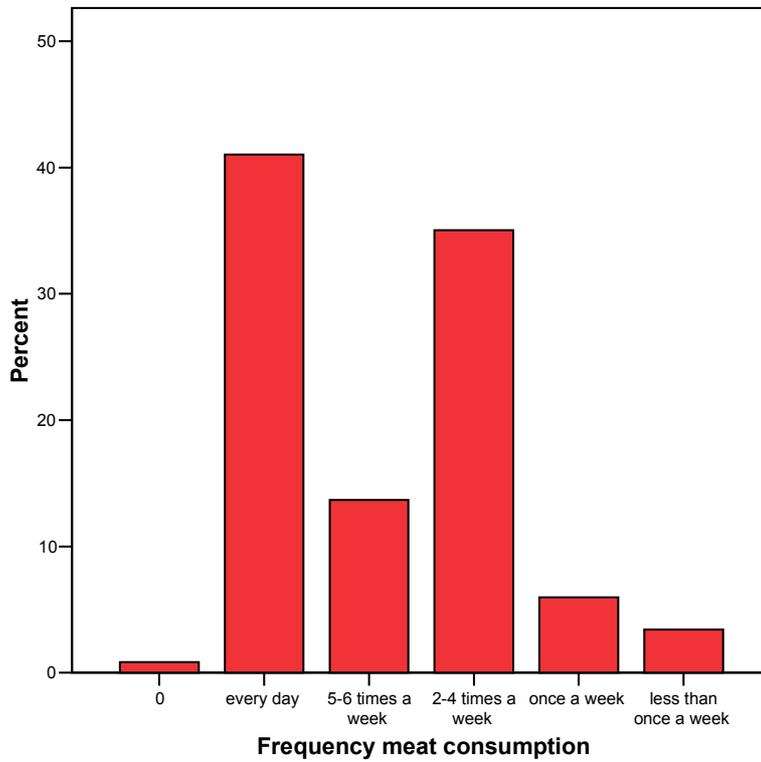
15. How frequently do you eat canned meat products?

Improving market entry decision-making at Zwanenberg Food Group

16. Are there times in the year that you eat less or more canned meat?

Times in a year eating more canned meat

		Frequency	Percent	Valid Percent
Valid	spring	1	,8	1,6
	summer	7	5,9	11,1
	autumn	2	1,7	3,2
	winter	16	13,6	25,4
	no fluctuation	37	31,4	58,7
	Total	63	53,4	100,0
Missing	System	55	46,6	
Total		118	100,0	

Times in a year eating less canned meat

		Frequency	Percent	Valid Percent
Valid	summer	16	13,6	28,1
	autumn	1	,8	1,8
	winter	2	1,7	3,5
	fasting	1	,8	1,8
	no fluctuation	37	31,4	64,9
	Total	57	48,3	100,0
Missing	System	61	51,7	
Total		118	100,0	

17. Which canned meat products do you eat?

```
                              Pct of  Pct of
Name                   Count  Responses  Cases

Canned chicken pate      54    19,0    50,0
Canned pork pate         56    19,7    51,9
Canned beef pate          3     1,1     2,8
Canned chicken LM        30    10,6    27,8
Canned pork LM           23     8,1    21,3
Canned beef LM           13     4,6    12,0
Canned shoulder ham      42    14,8    38,9
Canned cooked ham        39    13,7    36,1
Canned chopped ham       21     7,4    19,4
Else                      3     1,1     2,8
                        -------   -----   -----
Total responses         284   100,0   263,0

10 missing cases;  108 valid cases
```

Improving market entry decision-making at Zwanenberg Food Group

18. How do you eat the canned meat product?

Way of consumption canned meat

		Frequency	Percent	Valid Percent
Valid	as such	67	56,8	62,0
	prepared in various meals	16	13,6	14,8
	heated	6	5,1	5,6
	on bread	17	14,4	15,7
	other way	2	1,7	1,9
	Total	108	91,5	100,0
Missing	System	10	8,5	
Total		118	100,0	

19. When do you eat the canned meat product?

```
                         Pct of  Pct of
Name             Count  Responses  Cases

at breakfast       46     34,8     42,6
at lunch           47     35,6     43,5
at diner           30     22,7     27,8
else                9      6,8      8,3
                 -------   -----    -----
Total responses   132    100,0    122,2
10 missing cases;  108 valid cases
```

20. Do you buy a specific brand of canned meat and if yes which brand?

Purchase of a specific brand of canned meat

		Frequency	Percent	Valid Percent
Valid	Yes	27	22,9	44,3
	No	34	28,8	55,7
	Total	61	51,7	100,0
Missing	System	57	48,3	
Total		118	100,0	

21. If no, how is the buying decision concerning which brand made?

```
                         Pct of  Pct of
Name             Count  Responses  Cases

Price              13      9,5     12,5
Design              7      5,1      6,7
Quality            81     59,1     77,9
Weight             18     13,1     17,3
Recommendations    18     13,1     17,3
                 -------   -----    -----
Total responses   137    100,0    131,7
14 missing cases;  104 valid cases
```

Improving market entry decision-making at Zwanenberg Food Group

22. Does the current offer of canned meat products satisfy your wishes, if not what do you miss?

Satisfaction with current offer of canned meat

		Frequency	Percent	Valid Percent
Valid	Yes	56	47,5	93,3
	No	4	3,4	6,7
	Total	60	50,8	100,0
Missing	System	58	49,2	
Total		118	100,0	

23. What are you prepared to pay for your canned meat product?

	N	Minimum	Maximum	Mean	Std. Deviation
Prepared to pay for 100g can meat	49	1,00	7,00	2,5694	
Prepared to pay for 200g can meat	51	1,70	10,00	3,8000	1,93629
Prepared to pay for 340g can meat	51	2,00	12,00	5,3167	2,41611
Prepared to pay for 454g can meat	50	3,10	18,00	7,4880	3,03346
Valid N (listwise)	48				

24. Where do you buy your canned meat and/or canned fish products?

```
                                  Pct of   Pct of
Name                     Count  Responses  Cases

Hypermarket                57      36,1     49,1
Supermarket                80      50,6     69,0
Traditional grocery outlet 15       9,5     12,9
Kiosks                      6       3,8      5,2
                        -------   -----    -----
Total responses           158     100,0    136,2
2 missing cases;  116 valid cases
```

25. Which kind of advertisement has the most influence on your buying decision?

```
                                  Pct of   Pct of
Name                     Count  Responses  Cases

Folders/flyers              4       2,7      3,6
Newspaper advertising       5       3,4      4,5
Radio commercials           3       2,0      2,7
Television commercials     76      51,0     68,5
Shop floor advertising     56      37,6     50,5
Else                        5       3,4      4,5
                        -------   -----    -----
Total responses    149    100,0    134,2
7 missing cases;  111 valid cases
```

Improving market entry decision-making at Zwanenberg Food Group

What is your marital status?

Marital status

		Frequency	Percent	Valid Percent
Valid	married	61	51,7	58,1
	not married	44	37,3	41,9
	Total	105	89,0	100,0
Missing	System	13	11,0	
Total		118	100,0	

Do you have children?

Children

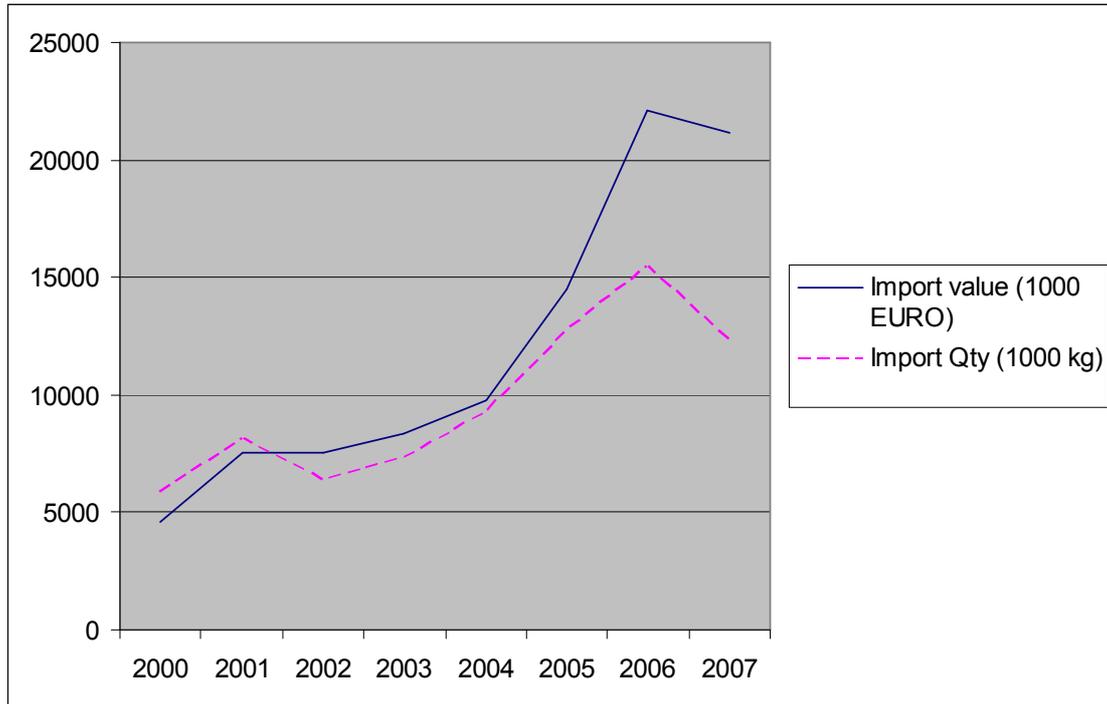|		Frequency	Percent	Valid Percent
Valid	0	69	58,5	63,3
	1	27	22,9	24,8
	2	13	11,0	11,9
	Total	109	92,4	100,0
Missing	System	9	7,6	
Total		118	100,0	

What is the income of your household?

Income of household

		Frequency	Percent	Valid Percent
Valid	< 1000 RON	21	17,8	19,4
	>= 1000 - <= 1600 RON	43	36,4	39,8
	> 1600 RON	44	37,3	40,7
	Total	108	91,5	100,0
Missing	System	10	8,5	
Total		118	100,0	

Improving market entry decision-making at Zwanenberg Food Group

Appendix 8 – Import prepared or preserved fish to Romania.

Source: Comext database – presented on http://exporthelp.europa.eu - Trade Statistics.

TOTAL IMPORT ROMANIA FOR:
1604 Prepared or preserved fish; caviar and caviar substitutes prepared from fish eggs

Import value (1000 EURO)

Productcode	Productname	2000	2001	2002	2003	2004	2005	2006	2007
160411	Salmon	3,35	11,85	1,33	11,1	9,77	30,43	33,33	173,78
160412	Herring	388,54	718,43	587,89	731,32	735,37	873,65	922,7	1635,17
160413	Sardines, sardinella and brisling or sprats	1829,11	3428,78	3005,42	2628,86	3604,6	5221,8	6769,23	5459,09
160414	Tunas, skipjack and bonito (sarda spp)	1030,68	1430,18	2059,92	2127	2362,15	3741,24	6465,89	4532,67
160415	Mackarel	253,71	694,04	576,34	945,4	873,86	1070,44	1842	1756,1
160416	Anchovis	4,79	0,19	2,84	13,37	23,77	58,3	85,35	165,16
160419	Other	619,95	788,15	792,2	621,27	663,17	844,36	1319,45	1497,72
160420	Other prepared or preserved fish	403,62	376,11	431,67	1117,05	1420,31	2553,1	4522,95	5795,82
160430	Caviar and caviar substitutes	36,06	61,18	90,44	150,54	72,42	88,38	181,91	174,81
	Total	4569,81	7508,91	7548,05	8345,91	9765,42	14481,70	22142,81	21190,32

Import Qty (1000 kg)

Productcode	Productname	2000	2001	2002	2003	2004	2005	2006	2007
160411	Salmon	2	1,9	0,4	3,2	1,6	6,6	5,4	47,9
160412	Herring	200	320,7	260,1	356,5	404,5	465,1	471,1	727,6
160413	Sardines, sardinella and brisling or sprats	3878,8	4800,8	3436,7	3139,8	4755,7	6118,2	6312,7	4421,5
160414	Tunas, skipjack and bonito (sarda spp)	737	1325,8	1409,8	1548,6	1665,2	2357,8	3618	2266,9
160415	Mackarel	417,9	993,4	579,9	1020,4	865,1	1281,1	1453	1190,2
160416	Anchovis	0,4	0	0,4	1,4	34	5,7	9,5	17,6
160419	Other	344,7	348,1	327,7	293,1	311,4	449	655,7	594
160420	Other prepared or preserved fish	293,9	362,9	356,9	952,9	1202,8	2058	2942,5	3005,5
160430	Caviar and caviar substitutes	1	1,5	3,2	26,9	4,7	5,8	9,4	10,6
	Total	5875,70	8155,10	6375,10	7342,80	9245,00	12747,30	15477,30	12281,80

Product Distribution Import value

Productcode	Productname	2000	2001	2002	2003	2004	2005	2006	2007
160411	Salmon	0,07%	0,16%	0,02%	0,13%	0,10%	0,21%	0,15%	0,82%
160412	Herring	8,50%	9,57%	7,79%	8,76%	7,53%	6,03%	4,17%	7,72%
160413	Sardines, sardinella and brisling or sprats	40,03%	45,66%	39,82%	31,50%	36,91%	36,06%	30,57%	25,76%
160414	Tunas, skipjack and bonito (sarda spp)	22,55%	19,05%	27,29%	25,49%	24,19%	25,83%	29,20%	21,39%
160415	Mackarel	5,55%	9,24%	7,64%	11,33%	8,95%	7,39%	8,32%	8,29%
160416	Anchovis	0,10%	0,00%	0,04%	0,16%	0,24%	0,40%	0,39%	0,78%
160419	Other	13,57%	10,50%	10,50%	7,44%	6,79%	5,83%	5,96%	7,07%
160420	Other prepared or preserved fish	8,83%	5,01%	5,72%	13,38%	14,54%	17,63%	20,43%	27,35%
160430	Caviar and caviar substitutes	0,79%	0,81%	1,20%	1,80%	0,74%	0,61%	0,82%	0,82%
	Total	100,00%	100,00%	100,00%	100,00%	100,00%	100,00%	100,00%	100,00%

Product Distribution Import Qty

Productcode	Productname	2000	2001	2002	2003	2004	2005	2006	2007
160411	Salmon	0,03%	0,02%	0,01%	0,04%	0,02%	0,05%	0,03%	0,39%
160412	Herring	3,40%	3,93%	4,08%	4,86%	4,38%	3,65%	3,04%	5,92%
160413	Sardines, sardinella and brisling or sprats	66,01%	58,87%	53,91%	42,76%	51,44%	48,00%	40,79%	36,00%
160414	Tunas, skipjack and bonito (sarda spp)	12,54%	16,26%	22,11%	21,09%	18,01%	18,50%	23,38%	18,46%
160415	Mackarel	7,11%	12,18%	9,10%	13,90%	9,36%	10,05%	9,39%	9,69%
160416	Anchovis	0,01%	0,00%	0,01%	0,02%	0,37%	0,04%	0,06%	0,14%
160419	Other	5,87%	4,27%	5,14%	3,99%	3,37%	3,52%	4,24%	4,84%
160420	Other prepared or preserved fish	5,00%	4,45%	5,60%	12,98%	13,01%	16,14%	19,01%	24,47%
160430	Caviar and caviar substitutes	0,02%	0,02%	0,05%	0,37%	0,05%	0,05%	0,06%	0,09%
	Total	100,00%	100,00%	100,00%	100,00%	100,00%	100,00%	100,00%	100,00%

Improving market entry decision-making at Zwanenberg Food Group

Improving market entry decision-making at Zwanenberg Food Group

Appendix 9 – Elaboration stages Vision to Reality (V2R).

Source – Presentation ZFG management presented on company's internal network.

Standaard projecten: Stage-gate
• Stage 0 – ontdekken / brainstorm
• Stage 1 – scoping
• Stage 2 – business case
• Stage 3 – ontwikkelings focus
• Stage 4 – testen en valideren
• Stage 5 – product lanceren

Stage 0   –

• Ontdekken en brainstorm
• Prototypes, ontwikkelingsgedachten, langs de hoofdassen lekker/gezond lekker/gemakkelijk lekker/authentiek
• Denk richting doelgroepen
• Bedenk welke consumer en customer need je gaat vervullen, welke USPs heeft het product
• Match met trends / ontwikkelingen
• Onder merk? / past het in de merkeigenschappen?
• Welke vibes & senses (geur, visueel, geluid, gevoel, smaak) gebruiken we
• Deliverables:
• Concept / idee beschrijving
• Product brainstorm fase 0 afgerond
• Actieplan voor stage 1

Gate 1

• Ontdekken en brainstorm
• Projectsheet invullen t.b.v. planning (met actieplan en milestones)
• Lite proof need (focus-groepen of (intern) onderzoek)
• Projectbeschrijving
• Initiele analyse
• Initiele technische analyse (machines, apparatuur en capaciteit)
• Voorlopige financiele en business analyse
• Rapid prototype projectvoorstel
• Deliverables:
• Project / idee beschrijving
• Projectbeschrijving fase 0 afgerond
• Actieplan voor stage 1

Stage 1   –
• Scoping
• Marktgrootte inschatten
• Verder toespitsen van het concept, schetsen van de contouren van het concept
• Verkennende calculatie
• Gedachten vormen over Produktiemogelijkheden
• Gedachten vormen over investeringen
• Deliverables:
• Concept verder uitgewerkt (needs, USPs, positionering)
• Verkennende calculaties, opbrengsten en volumes
• Actieplan voor stage 2

Gate 2
• Scoping
• Verdere uitwerking van fase 0
• Projectsheet invullen t.b.v. planning (met actieplan en milestones)
• Lite proof need (focus-groepen of (intern) onderzoek)
• Projectbeschrijving
• Initiele analyse
• Initiele technische analyse (machines, apparatuur en capaciteit)
• Voorlopige financiele en business analyse
• Rapid prototype projectvoorstel
• Deliverables:
• Project / idee beschrijving
• Projectbeschrijving fase 1 afgerond
• Actieplan voor stage 2

Stage 2   –
• Business Case
• Bouw de business case (o.b.v. marktaandeel, distributie, aantal pwpw, omzet, marge, bijdrage, winst etc.)
• Concurrentie analyse
• Verdere voorzet en maken van keuzes voor te ontwikkelen product
• Verpakkingsgedachten passend bij het concept

Gate 3
• Business Case
• Verdere uitwerking van fase 1
• Projectsheet aanvullen/bijstellen t.b.v. planning (met actieplan en milestones)
• Proof need (focus-groepen of ander onderzoek)
• Projectbeschrijving bijgesteld
• Analyse
• Technische analyse (machines,

85

• Interne 'consumententest' uitvoeren
• Deliverables:
• Concept verder uitgewerkt (needs, USPs, positionering)
• Uitslag interne consumententest 1
• Verkennende business case (A4-tje)
• Concurrentiepositie
• Actieplan voor stage 3

apparatuur en capaciteit)
• Financiele en business analyse
• Prototype projectvoorstel
• Deliverables:
• Projectbeschrijving bijgesteld en uitgewerkt
• Analyses fase 2 afgerond
• Prototype projectvoorstel
• Actieplan voor stage 3

Stage 3   –
• Ontwikkelingsfocus
• Volop technische productontwikkeling
• Verpakkings mock-up
• Consumententest - 2 uitvoeren
• Deliverables:
• Concept verder uitgewerkt (needs, USPs, positionering)
• Verpakkingsvoorstellen
• Uitslag interne consumententest 2
• Aangescherpte business case (A4-tje)
• Kostprijs calculatie incl. logistiek
• 80% product (en bijbehorende calculatie) gereed
• Pre-check claims
• Actieplan voor stage 4

Gate 4
• Ontwikkelingsfocus
• Projectplan definitief uitwerken
• Focus groep feedback & laatste bijsturing uitwerken
• Implementatieschema uitwerken
• Implementatieaanpak uitwerken
• Definitief projectvoorstel laten goedkeuren
• Deliverables:
• Definitief projectplan
• Goedgekeurd definitief projectvoorstel
• Uitgewerkt implementatieschema
• Uitgewerkte implementatieaanpak
• Actieplan voor stage 4

Stage 4   –
• Testen & valideren
• Saleskit bouwen
• Recepten & grondstoffen uitgespecificeerd en getoetst met inkoop
• Artikelgegevens compleet
• Verpakking (inclusief etiket) definitief, KLAAR VOOR BESTELLING en afgedeald met inkoop
• Kwaliteits- en declaratietoetsing
• THT testen uitgevoerd en gevalideerd
• Productieproces uitgewerkt
• Deliverables voor finale GO/NO GO:
• Concept geheel uitgewerkt (needs, USPs, positionering)
• Verpakkingsvoorstellen
• Uitslag externe consumententest
• Aangescherpte business case (A4-tje)
• Kostprijs calculatie incl. logistiek
• Product (en artikelgegevens) gereed !
• Invoer EAN DAS
• Declaratie gereed
• Check claims
• Introductieplan gereed
• Saleskit gereed
• Actieplan voor stage 5

Gate 5
• Testen & valideren
• Verwachte uitkomsten van project gedefinieerd
• Verwachte acceptatie beschreven en afgetast
• Economics van project uitgewerkt
• Implementatieaanpak gepland
• Post-implementatie projectbegeleiding en life-cycle beschreven en gepland
• Lanceerkit voor werkgroepleden gereed
• Financiele consequenties (gebaseerd op economics) uitgewerkt met en getoetst door controlling
• Deliverables voor finale GO/NO GO :
• Definitief projectplan
• Definitie projectuitkomsten en verwachte acceptatie
• Goedgekeurd definitief projectvoorstel
• Planning implementatie uitgewerkt
• Planning post-implementatie uitgewerkt
• Lanceer-kit gereed
• Economics project en overige financiele consequenties uitgewerkt en getoetst door controlling
• Actieplan voor stage 5

Stage 5
• Product lanceren
• Managen van roll-out
• Monitoren van omzet/marge ontwikkelingen en bewaking herbestellingen
• Bewaking produktkwaliteit

• Review met project-team en MT

• Project uitvoeren
• Volledige implementatie
• Monitoring van uitvoering/resultaten
• Projectplan post-launch bewaken

• Review met project-team en MT

86

Appendix 10 – Competitor's analysis canned fish market.

Research conducted by Zwanenberg International's brand manager Alma Weingold, prices are added by own research. During tasting of Tuna, only John West and Marco Polo scored a positive grade.

Competitor's analysis - Tuna

Brand name	Type	Version	Net weight (g)	Drained weight (g)	Fish %	Av. Price	Producer	Importer / distributor	Packing
JOHN WEST	File (steak)	veg oil	200	min 60%	60%	5,96	Thailand, for JOHN WEST FOOD LTD, ENG	OMNITRON TRADING SRL, B-dul Chisinau nr. 1, sect 2, Bucuresti Tel: 021 255 58 89 Fax: 021 255 00 13	Round can, Easy Open
	Bucati (chunks)	veg oil	185	min 60%	60%	5,49			
	Maruntit (flakes)	veg oil	185	min 60%	60%	3,17			
	Specialties: mayonnaise,	mayonnaise, sweet corn	185	Tuna 40%	40%				
MARCO POLO	Chunks	veg oil	185	min 60%	60%	4,50	Vietnam, for FLEXITRON LTD, LONDON	OMNITRON TRADING SRL, B-dul Chisinau nr. 1, sect 2, Bucuresti Tel: 021 255 58 89 Fax: 021 255 00 13	Round can, Easy Open (no EO for the cheapest
	Flakes	veg oil	185	min 60%	60%	2,88			
	Specialties: chili	chili	180	min 60%	60%	4,25			
	Specialties: tomato sauce and	tomato sauce, vegetables	185	min 60%	60%	5,01			
PRINCES	Steak	veg oil	195	185			Ecuador, for PRINCES LTD,	Agrirom SRL Arad, Bdul V. Milea nr. 44, tel: 0257 250880, fax:	Round can, E.O., no E.O. for
	Chunks	own juice	185	130		3,89			
	Chunks	veg oil	185	130					
SIBLOU	deLuxe (solid)	veg oil	200	140	70%		Vietnam, C-food INTERNATIONAL	SERPICO TRADING SRL Otopeni, Str. Drumul Odaii nr. 26 C, tel: 021 350 37 97	Round cans, E.O.
	Chunks	veg oil	185	130	70%				
	Chunks	water	185	130	70%				
	Flakes	oil	185	130	70%				
GIANA	Chunks	veg oil	185	130	70%		ASIAN ALLIANCE INTL	Agrirom SRL Arad, Bdul V. Milea nr. 44, tel: 0257 250880, fax:	Round can, no E.O.
	Shredded (Flakes?)	veg oil	185	130	70%				
HAME	Chunks	own juice	185	130 +/- 10g	70%	3,48	Thailand	HAME Romania, Vasile Alecsandri nr. 81, Caracal OLT	Round can, no E.O.
	Flakes	veg oil	185	130 +/- 10	70%	2,32			
LA GRANDE FAMIGLIA	Chunks	veg oil	185	130	70%	4,21	Thailand, for OVERSEAS TRADING COMPNY	OVERSEAS GROUP IMPEX, Str, Nicolae G. Caranfil nr. 52 - 54, sector 1, tel: 021 232	Round can, no E.O.
	Chuns	own juice	185	130	70%				
	Shredded (Flakes?)	veg oil	185	130	70%	2,34			
SEASIDE	Chunks	veg oil	185	130	70,20%		CHOTIWAT MANUFACTURING LTD, Thailand	ASTRAL IMPEX SRL ARAD, Str. Zimandului nr. 1, tel: 0257 289 255, fax: 0257 271 400	Round can, no E.O.
	Shredded (Flakes?)	veg oil	185	130	70,20%	3,00			
VICTORY TASTE	Chunks	veg oil	170		60%		Thailand, under lycense	SES VICTORY IMPEX SRL, Sos. Viilor nr. 14, sector 5, Bucuresti,	Round can, E.O for chunks,
	Shredded (Flakes?)	veg oil	170		60%				
HAPPY FAMILY	Chunks	veg oil	170		60%		Thailand	SC UNIREA INTL TD 95 SRL, 78 Afumati Road, Voluntari, IF tel:	Round can, no E.O.
	Shredded (Flakes?)	veg oil	170		60%				
GOLDEN LINE	Maruntit (flakes)	veg oil	185	130	70%	1,79	Thailand	ROCON DISTRIBUTION 2000 SRL, Str. Atomistilor	Round can, no E.O.
	Maruntit (flakes)	own juice	185	130	70%	2,17			
CODY	Chunks	veg oil	170		60%		Golden Prize Canning CO LTD, Thailland	MATRA INT SRL, Valea Cascadelor nr 23, sector 6, Bucuresti,tel: 0744 570	Round can, E.O.
	Maruntit (flakes)	veg oil	170		60%				
AGRIA	Maruntit (flakes)	veg oil	185	130	70%		Thailand	Agrirom SRL Arad, Bdul V. Milea nr. 44, tel: 0257 250880, fax:	Round can, no E.O.
MERVE	Maruntit (flakes)	veg oil	170	120	60%		Thailand	SC MERSEL COMPANY SRL, Com. Voluntari, Sos. Centurii	Round can, no E.O.
ISKA	Maruntit (flakes)	veg oil	170	120	60%		Thailand, for I. SCHROEDER KG-HB, Germany	MATRA INT SRL, Valea Cascadelor nr 23, sector 6, Bucuresti,tel: 0744 570 000, e-mail:	Round can, E.O.

Improving market entry decision-making at Zwanenberg Food Group

Competitor's analysis - Mackerel

Brand name	Version	Net weight (g)	Drained weight (g)	Fish %	Av. Price	Producer	Importer / distributor	Packing
LOSSOS	veg oil	170	102	60%		LOSSOS Sp. Z.o.o., Poland	ASTRAL IMPEX SR, Str. Zimandului nr. 1, Arad	oval can, sides litho, paper label, attached
	tomato sauce	170	85	50%				
LA PERLA	veg oil	125	90	72%		PERU	OTTO FRANCK, IMPORT KG, Germany	Rectangular can, carton box, EO
	tomato sauce	125	90	72%				
DE BALTICA	veg oil	240	168	70%	4,99	SRL Gamma A, Riga, Letonia	SC BALTICA SRL, Str. Buznea A2, Iasi, 0232 225 332, www.baltica.ro	Round can, EO, paper lid attached, not sticked
	tomato sauce	240	168	70%				
NEPTUN	veg oil	170	102	0,6		WILBO SA POLAND	TYMBARK MASPEX ROM SRL Valenii de Munte, Prahova	Rectangular can, rounded corners sides litho, paper label,
	tomato sauce	170	85	0,5				
PELICANUL	veg oil	425	320	0,75	4,41	Cannex SA CHILE	PELICANUL DISTRIBUTION, I. Campineanu nr 22, Buc, 021 314 63 84,	Round can, paper label sides, no EO
KING OSCAR	veg oil	170	102	0,6	5,04	RIEBER FOODS POLSKA	DE SILVA INTERMED, Str. Nuferilor 44 - 48, sect 1,	Rectangular corner rounded can, E.O.,
	tomato sauce	170	85	0,5	3,71			
JOHN WEST	mustard	125		70%		Portugal	OMNITRON TRADING, B-dul Chisinau nr. 1, et. 1, sect. 2, tel: 021 225 58 89,	Rectangular can, rounded corners, litho, EO
	pepper sauce	125		70%				
NEGRO 2000 SRL	veg oil+chilli	425	225	60%		CHIN HUAY LTD, Thailand	NEGRO 2000 SRL, B-dul Metalurgiei nr. 136, sect 4, Bucuresti, 021 460 26 36	Oval can, paper label all around, no EO
HAME	veg oil	200	100	50%	2,00	HATAY CANNING CO LTD, Thailand	HAME ROMANIA V. Alecsandri nr. 81, Caracal, jud. OLT, tel: 0248 512 260; fax: 0249 / 518	Round can, paper label sides, no EO
	veg oil	400	200	50%	4,06			
	tomato sauce	200	100	50%				
	tomato sauce	400	200	50%	4,05			
SEASIDE	veg oil	425	225	60%		EASTERN DELIGHT FOOD, Thailand	ASTRAL IMPEX SR, Str. Zimandului nr. 1, Arad	Round can, paper label sides, no EO
MASTER FISH	veg oil	170		60%		UE	SC CONSUMER PRODUCT NETWORK, Bucuresti	Oval can, sticked lid label paper, EO
	tomato sauce	170		60%				
VICTORY TASTE	veg oil	125		55%		LUCKY CANNERY LTD, Thailand, UNDER BARRO LYCENSE, Nicosia, Cyprus	SES VICTORY IMPEX SRL, Str. Viilor nr. 14, sect 5, Buc tel: 021 336 38 32	125 g - paper wrapping, rectangular
	veg oil	200		55%				
	veg oil	400		55%	3,73			200 g - round can, no EO, paper label,
	tomato sauce	125		50%				
	tomato sauce	200		50%				400 g - round can, no EO, paper label
	tomato sauce	400		50%				
HAPPY FAMILY	veg oil	155				GOLDEN PRIZE CANNING, Thailand	UNIREA INTL TD, Str. Afumati nr. 78, tel: 021 270 38 77	200 g - round can, no EO, paper label,
	veg oil	200						
	veg oil	215						
	veg oil	400		55%				
	tomato sauce	155						
	tomato sauce	200						
	tomato sauce	215						
	tomato sauce	400						
CODY	veg oil	400	230	55%		Thailand	MATRA INT SRL, Valea Cascadelor nr 23, sector 6, Bucuresti,tel: 0744 570 000,	Round can, paper label,no EO
	tomato sauce	400	230	55%	3,99			
PESCARINA	veg oil	170	102	0,6		SC DANUBIU RO 2002 SRL, Str.		Oval can, thick paper lid label, EO
PESCARUS	veg oil	400		60%	6,00	CHIN HUAY LTD, Thailand	ROMAGRA DISTRIBUTION SRL, Bd. Mircea VODA 44, Bl. M17, Sc.B, Etj 6, sect	Oval can, paper label, no EO
	tomato sauce	425		60%	6,00			

88

Competitor's analysis - Sardines

Brand name	Version	Net weight (g)	Drained weight (g)	Fish %	Av. Price	Producer	Importer / distributor	Packing
JOHN WEST	veg oil	95	67	70%		Portugal, for JOHN WEST FOOD LTD,	OMNITRON TRADING, B-dul Chisinau nr. 1, et. 1, sect. 2, tel: 021 225 58	EO, rectangular can (rounded corners), collor differentiation (yellow, orange) - OMEGA
	tomato sauce	95	62	65%				
	olive oil	120	90	75%				
DE BALTICA	veg oil	240	168	70%	4,13	SRL Gamma A, Riga, Letonia	SC BALTICA SRL, Str. Buznea A2, Iasi, 0232 225 332, www.baltica.ro	Round can, EO, paper lid attached, not sticked
	tomato sauce	240	168	70%	4,29			
NEGRO 2000	veg oil	200	120	60%		CHIN HUAYCO LTD, Thailand	NEGRO 2000 SRL, B-dul Metalurgiei nr. 136, sect 4, Bucuresti, 021 460 26	oval can, paper label all aound, no EO
	tomato sauce	200	120	60%				
PRINCES	veg oil	120	90	75%	3,69	Portugal, for PRINCES LTD,	AGRIROM SRL ARAD, V. Milea 44, 0257 250 880, fax 0257 250 525	Litho rectangular can, rounded corners, E.O. (OMEGA)
	tomato sauce	120	84	70%	3,69			
KING OSCAR	veg oil	110	77	70%	2,89	RIEBER FOODS POLSKA	DE SILVA INTERMED, Str. Nuferilor 44 - 48, sect 1, Buc., tel: 021 202	Rectangular corner rounded can, E.O., sticked paper label on lid, litho on sides
	tomato sauce	110	66	60%				
MARCO POLO	veg oil	120	75	63%	2,45	Thailand, for FLEXITRON LTD. London	OMNITRON TRADING, B-dul Chisinau nr. 1, et. 1, sect. 2, tel: 021 225 58 89, fax: 021 255 00 13	rectangular corner rounded can, packed in paper, E.O. (mentioned on paper), color differentiaton, (yellow / orange
	tomato sauce	120	75	63%	2,45			
GIANA	veg oil	125	90	72%	2,15	GOLDEN PRIZE CANNING CO LTD, Thailand	AGRIROM SRL ARAD, V. Milea 44, 0257 250 880, fax 0257 250 525 (www.gaston.cz)	Rectangular can, carton box, different color in brand writing, E.O.
	tomato sauce	125	90	72%				
DAMSA	veg oil	120	90	75%		Maroc	SERPICO TRADING SRL, Dr. Odaii nr. 26 C,	Rectangular rounded corners can, packed in carton, (oil -
	tomato sauce	125	90	72%				
HAME	veg oil	120	85	71%		Maroc	HAME ROMANIA V. Alecsandri nr. 81, Caracal, jud. OLT, tel: 0248 512 260; fax: 0249 / 518 692	EO, carton box, rectangular can, rounded corners
	tomato sauce	120	85	71%				
	veg oil	200	100	50%	1,99	HATAY CANNING CO LTD, Thailand		Round cans, paper labels, no E.O.
	veg oil	400	200	50%	4,30			
	tomato sauce	200	100	50%	2,10			
	tomato sauce	400	200	50%				
LA GRANDE	veg oil	125	90	72%	2,13	Maroc	OVERSEAS GROUP IMPEX SRL, Str. N.	Rectangular corner rounded can, E.O. litho
	tomato sauce	125	85	68%	2,24			
SEASIDE	veg oil	125	75	60%		Thailand	ASTRAL IMPEX SR, Str. Zimandului nr. 1,	carton box,rectangular corner rounded can, no E.O.
	tomato sauce	125	75	60%				
MANDY	veg oil	125	75	60%	1,98	Thailand, for F.URL Austria	SC Glina SA, Str. Abatorului nr 5, ILFOV	125 g - rectangular can, carton box, no EO
	veg oil	215	129	60%				
	tomato sauce	125	75	60%	2,15			215 g - oval can, paper label, no EO
	tomato sauce	215	129	60%				
VICTORY TASTE	veg oil	200		60%		Thailand, under BARRO HOLDINGS LTD, Cyprus,	SES VICTORY IMPEX SRL, Str. Viilor nr. 14, sect 5, Buc tel: 021 336 38 32	Round cans, paper labels, no E.O.
	veg oil	400		60%				
	tomato sauce	200		55%				
	tomato sauce	400		55%	3,73			
HAPPY	veg oil	200		55%		Thailand	UNIREA INTL TD. Str.	Round can, EO, paper label
GOLDEN LINE	veg oil	125	75	60%		Thailand	ROCON DISTRIBUTION 2000 SRL, Atomistilor nr. 141 - 149, Oras Magurele, IF, Buc, tel: 021 457 50 10	125 g - rectangular can, carton box, no EO 155 g - round tall can (thick), paper label, no EO 215 g - oval can, no EO, paper sides
	veg oil	155	85	55%				
	veg oil	215	129	60%				
	tomato sauce	125	75	60%				
	tomato sauce	155	85	55%				
	tomato sauce	215	129	60%				
CODY	veg oil	200		60%	1,79	GOLDEN PRIZE CANNING CO LTD, Thailand	MATRA INT SRL, Valea Cascadelor nr 23, sector 6, Bucuresti,tel: 0744 570 000, e-mail:	Flat round can, paper label, no EO
PESCARINA	veg oil	115		60%		SC DANUBIU RO 2002 SRL, Str. Portului		rectangular can rounded corners, side litho, paper eticed lid label, E.O., back
MERVE	veg oil	200	120	60%	1,67	HATAY CANNING CO LTD, Thailand	SC MERSEL COMPANY SRL, Com. Voluntari, Sos. Centurii nr. 2-4, IF, tel: 021 351 31 87; fax:	200 g-round can, no EO, paper label
	tomato sauce	200	120	60%	1,49			
	veg oil	215	129	55%				215 g - oval can, paper label sides, no EO
	tomato sauce	215	129	55%				
PESCARUS	veg oil	120		60%		Thailand, CHIN HUAY VO. LTD, Bangkok	ROMAGRA DISTRIBUTION SRL, Bd. Mircea VODA 44, Bl. M17, Sc.B, Etj 6, sect 2,	125 g - rectang. corners rounded can, no EO, paper label
	tomato sauce	125		60%				
	tomato	125		60%				
	sweet sour	200		60%				200 g - oval can, paper label

89

Appendix 11 – Margin calculations canned fish market.

Based on cost price proposition of a canned fish supplier from Thailand, collected prices of competitor's during own research, some knowledge of the Romanian retail market and an estimation of obtainable market share around 400 ton (which is about 4% of total market); it was possible to calculate margins on the canned fish market. During the analysis the margins of the International Key Accounts (IKA) as well as the local stores have been calculated. Concerning the distribution of the market, data of AC Nielsen has been used as a guideline.

Type	Average price (Ron) IKA per kg.	Market-distribution in % according AC Nielsen	Average margin IKA	Estimated turnover IKA (Ron)	Margin IKA (RON)
Ton	11,73	35,30	13,22%	828138,00	109479,84
Sardines	9,43	47,10	33,79%	888306,00	300158,60
Mackarel	7,29	17,60	19,72%	256608,00	50603,10
Average	9,87		24,05%		
Total				1973052,00	460241,54

Type	Average price (Ron) local stores per kg.	Market-distribution in % according AC Nielsen	Average margin local stores	Estimated turnover local stores (Ron)	Margin local stores (RON)
Ton	12,05	35,30	16,24%	850369,52	138100,01
Sardines	9,68	47,10	37,36%	911839,42	340663,21
Mackarel	7,31	17,60	22,90%	257179,64	58894,14
Average	10,10		27,36%		
Total				2019388,58	537657,35

Total estimated turnover in €	€ 1.102.884,14
Total estimated gross margin in €	€ 275.662,68

Average sellingprice canned fish per kg	€ 2,76
Average margin canned fish TOTAL	25,71%

PRICES for Canned Fish IKA

$= 2,35 RON RON= € 3,62

		gram	Nr.pieces /bax	CIF Constanta price/bax $	CIF Constanta price/pieces $	CIF Constanta price/pieces RON	CIF Constanta price/pieces +Duties(15%) RON	Selling price - 3% transport costs RON	Sellingprice/ piece (without 25% margin IKA) RON	Market price/piece (without 19% VAT) RON	Market Price(with 19% VAT) RON	Market price/Impo rt price %
Ton	Solid in Soyaoil	185	48	40,12	0,84	1,96	2,26	2,95	3,04	4,05	5,00	30,44%
	Solid in Brine	185	48	39	0,81	1,91	2,20	2,89	2,98	3,97	4,90	31,50%
	Chunk in Soyaoil	185	48	38,47	0,80	1,88	2,17	2,24	2,31	3,08	3,80	3,38%
	Chunk in Brine	185	48	37	0,77	1,81	2,08	2,18	2,25	3,00	3,70	4,66%
	Shredded in Soyaoil	185	48	24	0,50	1,18	1,35	1,41	1,46	1,94	2,40	4,66%
	Shredded in Brine	185	48	23	0,48	1,13	1,29	1,36	1,40	1,86	2,30	4,66%
Sardines	In soyaoil	125	50	17,39	0,35	0,82	0,94	1,24	1,28	1,70	2,10	31,66%
	In tomato sauce	125	50	15,74	0,31	0,74	0,85	1,18	1,22	1,62	2,00	38,53%
	In brine	125	50	15,79	0,32	0,74	0,85	1,12	1,15	1,54	1,90	31,19%
Mackerel	In soyaoil	215	48	26,2	0,55	1,28	1,48	1,71	1,76	2,35	2,90	15,85%
	In tomato sauce	215	48	23,82	0,50	1,17	1,34	1,68	1,73	2,31	2,85	25,23%
	In brine	215	48	23,82	0,50	1,17	1,34	1,65	1,70	2,27	2,80	23,03%
	In soyaoil	425	24	24,22	1,01	2,37	2,73	2,98	3,07	4,09	5,05	9,11%
	In tomato sauce	425	24	20,72	0,86	2,03	2,33	2,89	2,98	3,97	4,90	23,76%
	In brine	425	24	20,27	0,84	1,98	2,28	2,77	2,86	3,81	4,70	21,34%

Improving market entry decision-making at Zwanenberg Food Group

PRICES for Canned Fish Local Stores

$= 2,35 RON RON= € 3,62

		gram	Nr.pieces /bax	CIF Constanta price/bax x $	CIF Constanta price/pieces $	CIF Constanta price/pieces RON	CIF Constanta price/pieces +Duties(15%) RON	Sellingprice - 3% transportcosts RON	Sellingprice/piece (without 30% margin Local) RON	Market price/piece (without 19% VAT) RON	Market Price(with 19% VAT) RON	Market price/Import price %
Ton	Solid in Soyaoil	185	48	40,12	0,84	1,96	2,26	3,02	3,12	4,46	5,50	33,92%
	Solid in Brine	185	48	39	0,81	1,91	2,20	2,96	3,06	4,37	5,39	35,01%
	Chunk in Soyaoil	185	48	38,47	0,80	1,88	2,17	2,30	2,37	3,39	4,18	6,14%
	Chunk in Brine	185	48	37	0,77	1,81	2,08	2,24	2,31	3,30	4,07	7,45%
	Shredded in Soyaoil	185	48	24	0,50	1,18	1,35	1,45	1,50	2,14	2,64	7,45%
	Shredded in Brine	185	48	23	0,48	1,13	1,29	1,39	1,43	2,05	2,53	7,45%
Sardines	In soyaoil	125	50	17,39	0,35	0,82	0,94	1,27	1,31	1,87	2,31	35,17%
	In tomato sauce	125	50	15,74	0,31	0,74	0,85	1,21	1,25	1,78	2,20	42,23%
	In brine	125	50	15,79	0,32	0,74	0,85	1,15	1,19	1,69	2,09	34,69%
Mackerel	In soyaoil	215	48	26,2	0,55	1,28	1,48	1,75	1,81	2,58	3,19	18,94%
	In tomato sauce	215	48	23,82	0,50	1,17	1,34	1,72	1,78	2,54	3,14	28,57%
	In brine	215	48	23,82	0,50	1,17	1,34	1,69	1,75	2,49	3,08	26,31%
	In soyaoil	425	24	24,22	1,01	2,37	2,73	3,05	3,15	4,50	5,55	11,92%
	In tomato sauce	425	24	20,72	0,86	2,03	2,33	2,96	3,06	4,37	5,39	27,06%
	In brine	425	24	20,27	0,84	1,98	2,28	2,84	2,93	4,19	5,17	24,58%

Improving market entry decision-making at Zwanenberg Food Group

Appendix 12 – Digital version of thesis.

The CD beneath contains a digital version of this thesis.

Improving market entry decision-making at Zwanenberg Food Group