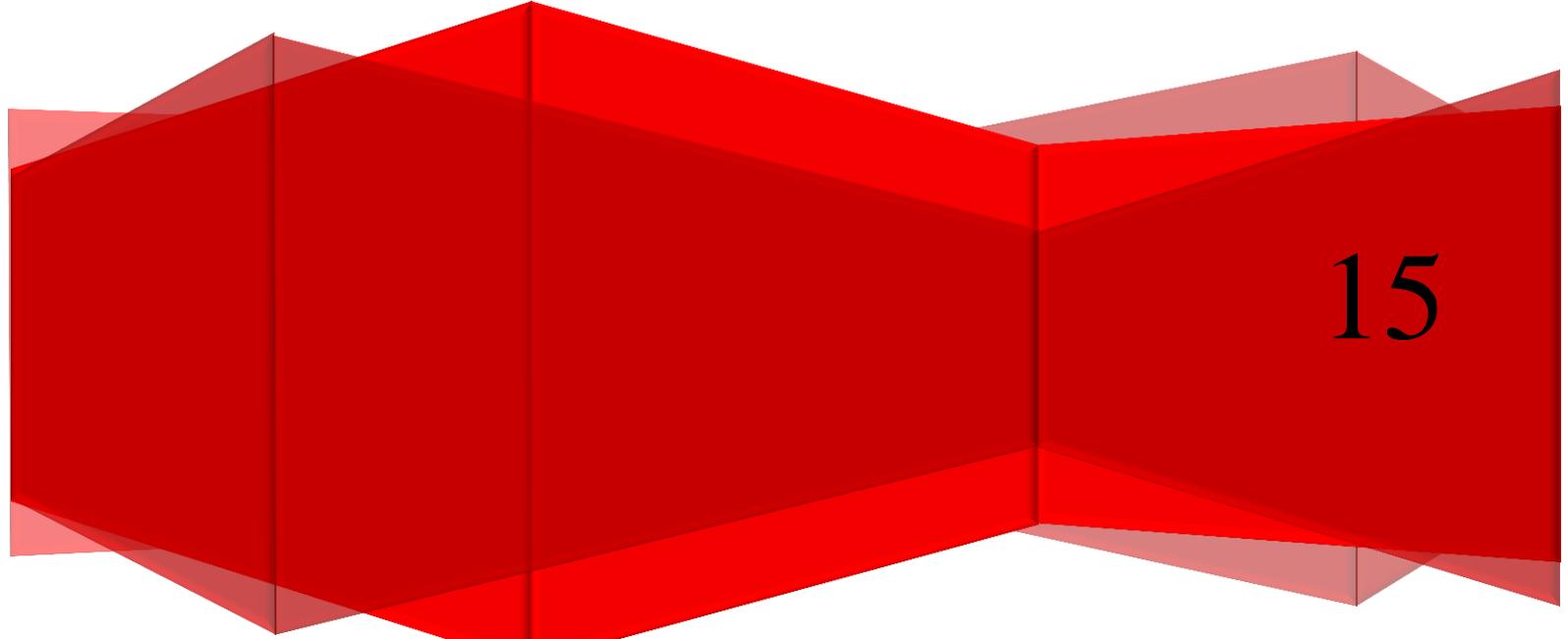


The Hague University of Applied Sciences

Export Plan

Bachelor Degree Final Project

Sabina Šalaikiskaja



15

THE HAGUE UNIVERSITY OF APPLIED SCIENCES
FACULTY OF EUROPEAN STUDIES & COMMUNICATION MANAGEMENT

Final Project

**What is the best strategy to export Gurman's coffee from
Lithuania to The Netherlands?**



Student: Sabina Salaikiskaja

Student number: 11034637

Class: ES3-5

Final Project Supervisor: Agota Szabo

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Preface

I am a 5th year student at The Hague University of Applied Sciences, faculty of European Studies and International Communication Management with the specialization in business administration. Moreover, I have completed a half year minor at the faculty of International Business and Management of The Hague University. For my Final Project I have decided to write an Export Plan for one of the medium-sized Lithuanian companies and their opportunities in The Netherlands. I have lived there for almost three years and have experienced various cultural differences. One of them was the absence of usual home country products. I adore drinking coffee like most of the students, it helps me start my day and boost energy resources. Moreover, coffee has always been an irreplaceable companion during the exam preparation weeks. Despite the fact that shelves of Dutch supermarkets are filled with numerous coffee brands I have been missing my favourite Gurman's brand coffee. Furthermore, I have understood that this coffee is truly unique since flavoured ground coffee or flavoured coffee beans are not present in Dutch supermarkets. For this reason, after visiting Lithuania for holidays I have always brought many packages of Gurman's coffee to The Netherlands. My Dutch and international friends who were not used to this kind of coffee really enjoyed Gurman's, especially its flavours and the packaging. This has served as an inspiration to investigate the strategies Gurman's can employ to appear and succeed in the Netherlands with its multinational, diverse and large population which deserves to get to know this exceptional product. At the moment of writing this final project I am happy to have the chance to stay in Lithuania and enjoy Gurman's coffee, which gives me stronger motivation and spirit to move on.

Executive Summary

Kavinuko prekyba JSC is a Lithuanian private limited liability company. Gurman's is the main coffee and tea brand of Kavinuko prekyba. The main business activity of the company is wholesale and retail of naturally flavoured high quality coffee. Company is willing to find more partners abroad and expand Gurman's brand export to western Europe. This is the study which answered the question of "What is the best strategy to export Gurman's coffee from Lithuania to The Netherlands?".

During the research process several methods were used, such as desk research and field research. Online and offline sources like governmental, statistical websites and the company's annual report were consulted. Survey among potential customers and the interview with the Kavinuko prekyba company marketing director Gintautas Dauksas were conducted, which represented the field research method.

It is recommended to target the upper middle and upper class gourmets having sophisticated taste looking for quality products and uniqueness, customers from 25 to 45 years old, educated people seeking new and prestigious brands. In order to export Gurman's coffee to the Netherlands, it is recommended to start with indirect exporting, to export their products with the assistance of the reliable local agent through joint ventures or trading through vending machines at the places where potential customers gather. Moreover, it is advised to follow the exclusive and selective distribution strategies. After the customers get familiar with the brand and products, and awareness is build, in a long run sell the franchise of the House of Taste Gurman's coffee boutique. Furthermore, Gurman's should use the price range from 27 to 33 € based on the value added strategy. For the promotion of the product it is suggested to separate strategies into the short-term strategies and long-term strategies. The short term strategic options are offered, namely strategies such as, advertising strategy, promotion strategy and public relations strategy. The main long term strategy is online promotion strategy. Strategic actions of those strategies are the following, advertisements in luxurious magazine, participation in exhibitions, product launch/custom events, membership programs, product giveaways and social media advertising. Moreover, it is important to take into account that The

Netherlands is low-context, monochromic culture where gift-giving in business is not acceptable.

Table of Contents

1. Introduction	9
2. Methodology & Theoretical Framework	12
2.1 Methodology	12
2.1.1 The limitations of the report	16
2.2 Theoretical Framework	16
3. Internal Analysis.....	20
3.1 About the company.....	20
3.1.1 History	20
3.1.2 Vision, Mission, Goals & Values	21
3.1.3 Business Relationships	22
3.1.4 Product range description.....	22
3.2 Market Description of Gurman’s flavoured coffee.....	23
3.2.1 Product description.....	23
3.2.2 Target group in Lithuania.....	24
3.2.3 Positioning of Gurman’s coffee in Lithuania	25
3.3 Porter’s value chain	27
3.4 Financial Analysis.....	30
3.5 Business model CANVAS	31
3.4 Strengths & Weaknesses	32
4. External Analysis.....	34
4. 1 Country analysis.....	34
4.1.1 DESTEP analysis	34
4.2 Industry analysis.....	37
4.2.1 5 Forces of Porter.....	38
4.3 Customer analysis	40

4.3.1 6 W's of Ferrell.....	40
4.4 Competition analysis.....	43
4.4.1 Direct & Indirect competitors	43
4.4 Distribution analysis	47
4.5 Opportunities and Threats	48
5. SWOT Analysis & Confrontation Matrix	49
5.1 SWOT	49
5.2 Confrontation matrix.....	50
6. Market entry strategies	53
7. Export Marketing Mix.....	60
7.1 Product.....	60
7.2 Place / Distribution	61
7.3 Price	63
7.4 Promotion/Communication.....	63
7.5 People.....	65
7.6 Presentation.....	66
8. Financial Data & Projections	68
9. Recommendations & Conclusions.....	69
10. References.....	71
11. Appendices.....	77
Appendix A – Questionnaire for the potential Dutch ultimate customers	77
Appendix B – Questionnaire for the potential Dutch business-to-business customers	83
Appendix C – Interview in the original Lithuanian language	87
Appendix D – Diagrams of the survey results	89
Appendix E – Consumer profile	94

Table of figures

Figure 1 Kavinuko prekyba logo.....	10
Figure 2 Gurman's franchise map.....	20
Figure 3 Gurman's brand logo and brand mantra.....	20
Figure 4 Gurman's export map	22
Figure 5 Gurman's Business model Canvas	32
Figure 6 Dutch flag	34
Figure 7 Global coffee consumption	38
Figure 8 A cup of tea	39
Figure 9 Gurman's competitor's prices per killogram.....	Error! Bookmark not defined.
Figure 10 Packages of Gurman's ground coffee	60
Figure 11 Gurman's House of Taste in Ireland.....	62
Figure 12 Cosmetic samples.....	64
Figure 13 LXRY magazine cover	65

1. Introduction

Problem analysis

In today's highly globalised world everything becomes interconnected and available much faster. We are no longer bound to one place, neither are the goods. Exported products reach the most distant places. No matter where they are produced, every day we use hundreds of imported items and cannot imagine our lives without them. Companies are expanding, no longer working only in one country, many of them operating internationally or even globally. Despite the fact that almost in every country supermarket shelves have many options to choose from, sometimes they lack some exclusive home products. Due to the highly interconnected world we can always hope that this particular product may soon appear at a nearby shop. That was the case with me, while living in The Netherlands. I noticed that I was unable to find the equivalent to Gurman's flavoured coffee and realised that this might be an opportunity to export it from Lithuania since the product is unique and impressed my international friends. My real life situation led to the so-called, passive export (Harlaar M. O., 2012). But in order for the export to be a profitable experience for the company it is necessary to switch from passive to active by creating a structured export plan that analyses the internal company's situation, the external conditions for export, gives an understanding of the potential market situation, needs, offers and highlights what to consider while modifying the elements of the marketing mix (Harlaar M. O., 2012). Since coffee is on the 2nd place of the most traded commodities in the world it means that the coffee industry is still vital and the product is highly necessary (Goldschein, 2011). Moreover, according to the statista.com, in 2013 the Netherlands was the world's coffee consumption leader, with a score of 2.41 cups per day (statista.com, 2014). In addition, ¼ of all drinks consumed in the Netherlands is coffee (CBI, 2015). That makes this market attractive for the coffee retailers since the commodity and drink made out of it is highly popular. But even if the market is attractive and the product – good, it is not enough in order to successfully enter a new market. In the times of constant change and excess of products, strategic choices should be made and adapted reasonably.



Figure 1 Kavinuko prekyba logo

Kavinuko prekyba JSC is a Lithuanian private limited liability company (lith. uždaroji akcinė bendrovė - UAB) which was established on 6th December, 1993 with its headquarters in Vilnius. The main business activity of the company is wholesale and retail of tea and coffee.

Moreover, Kavinuko prekyba is involved in the retail of coffee accessories, rent of coffee and vending machines to various companies' offices and hotels. Gurman's is the main coffee and tea brand of Kavinuko prekyba, established in 2002 (JSC Kavinuko prekyba, House of Taste GURMAN'S, n.d).

Since there are no barriers to trade within the EU and the Union supports projects that enhance its economic growth, one of the most extremely developed western countries – the Netherlands might be a good choice for Kavinuko prekyba. The goal of this final paper is to determine how Kavinuko prekyba can enter the Dutch market with its Gurman's brand coffee, to outline effective strategies and to investigate what the company needs to consider in case of entering the market.

The central research question to be answered at the end of the paper is the following:

"WHAT IS THE BEST STRATEGY TO EXPORT GURMAN'S COFFEE FROM LITHUANIA TO THE NETHERLANDS?"

Sub-questions, which will help to answer the central question, are the following:

Internal Analysis

- What are the mission, vision and values of the company?
- What is the coffee product range of Gurman's?
- Who are the customers of Gurman's coffee in Lithuania?
- What is the main target group of the brand?
- Whether Kavinuko prekyba is financially stable?
- What are the strategies the company is currently using to export their products to other countries?

External Analysis

- What are the current Dutch coffee market trends?
- What are the global coffee industry trends?

- What are the Dutch customer preferences regarding coffee?
- Who are the main competitors in The Netherlands on the coffee market?
- How could the company segment Dutch market and which market segment should the company's target?

Confrontation Matrix

- What are the strengths and weaknesses of the company?
- What are the opportunities and threats of the company?
- What are the good and bad prospects for Kavinuko prekyba in The Netherlands?

Market Entry Strategies

- What are the entry strategies?
- What strategies could Kavinuko prekyba follow when entering the Dutch market?
- How will Gurman's position itself among the main competitors?

Export Marketing Mix

- What marketing instruments have to be used to successfully enter the market?

In the following chapters the internal company and external market situations were analysed, export strategies and instruments were defined. At the end of the report an advice for Kavinuko prekyba is given on which strategy to choose for Gurman's coffee export to The Netherlands.

2. Methodology & Theoretical Framework

2.1 Methodology

In order to answer the central research question, all the sub-questions were answered, then collected data was analysed and relevant conclusions were made. Two different types of data collection techniques were used, namely, desk research and field research. Data for this report was gathered from 4th of January until 14th of September 2015.

♣ Desk Research

◆ Online

This method contributed to the completion of the internal analysis, specifically, the sections about the company, market description of Gurman's flavoured coffee, Porters value chain, Business model canvas, as well as, the external analysis chapters, such as the country, industry and competition analysis.

Kavinuko prekyba company's Internet website, governmental organisations' websites, such as – Statistics Netherlands, EU organisations' such as – the Organisation for Economic Cooperation and Development (OECD), and other trustworthy scientific or media online websites were consulted. The following websites were the most important and the most useful for the research:

- **gurmans.lt** - a website of Kavinuko prekyba company what was one of the main online sources for the internal analysis of the Kavinuko prekyba company.
- **cbs.nl** - a website which was useful for the external analysis, namely, DESTEP model, especially the demographical part of it. Statistics Netherlands is an autonomous agency in close relations with the Minister of Economic Affairs of The Netherlands.
- **oecd.org** - a website of Organisation for Economic Co-operation and Development provided with the relevant data about The Netherlands necessary for the external analysis.

- **emarketer.com** is a reliable research company which presented an article about the popularity of the concrete social media websites in The Netherlands needed for the DESTEP analysis.
- **ico.org** - a website of the International Coffee Organization, a reliable source of information which provided the report with statistics on the coffee industry in general what contributed to the industry analysis of the external analysis.
- **vz.lt** – verslo ziniuos (eng. business news) is a reliable, independent, Lithuanian online newspaper which provided the report with information needed for the internal analysis in order to describe the infrastructure of the company as well contributed to the completion of the Porters value chain of the internal analysis.
- **tradingeconomics.com** is a website about economic indicators. It was useful for the external analysis. Namely, to figure out consumer-spending and GDP of The Netherlands.

◆ Offline

Various books on export planning and marketing were consulted as they were useful sources, while choosing the report's structure, the frameworks and models to be used. Kavinuko prekyba company's annual report was valuable document for the internal analysis. Below is the list of all the books and reports used for the creation of this final project.

- **Export a practical guide** written by M. Harlaar, M. Oudehand & O. de Leeuw, was one of the most important offline sources that were consulted for the completion of this report. It gave the project a clear theoretical base of how the export plan has to be structured.
- **Export Management A European Perspective** edited by Dr. J. Veldman, was the book utilised in order to choose the correct methods and models to execute the internal analysis of the company, one of the models was the Porters value chain. In addition, the book became the knowledge base and the main source of inspiration choosing entry strategies for Kavinuko prekyba entry to The Netherlands.

- **The Marketing Plan Handbook** written by Marian Burk Wood was also a helpful tool and a highly inspiring manual for the creation of marketing strategies and better understanding of the marketing mix elements. This book also provided a framework of internal and external analysis, competition and customer analysis in an understandable and useful manner. Moreover information contained in the textbook served as a theoretical base for the customer profile creation.
- **Strategic Brand Management** written by Kevin Lane Keller was a reliable and useful source of information for the perception of the positioning of the brand in question and provided the report with the ideas for the marketing mix.
- **Kavinuko prekyba Annual Report for the Financial Year 2013** provided the research with some basic data on the company's financial situation. The report was not freely available on the Internet, thus was purchased from The State Enterprise Centre of Registers owned by The Ministry of Justice of the Republic of Lithuania. This source of information contributed to the internal analysis of the company.

All textbooks were recommended by teachers and lecturers during the private specialization courses of ESCM programme at The Hague University as a reliable and trustworthy material. The models, such as the five forces of Porter, SWOT, Confrontation Matrix and others (see subchapter 2.2 Theoretical Framework) were chosen with reference to the advice of the above-mentioned books.

- ♣ Field research

- ◆ Observations

Observations were conducted in The Hague by visiting bookshops, hairdressers and barber shops in order to determine whether there would be an interest to collaborate with Gurman's thus, short interviews were conducted with people working there. In addition to the interviews samples of Gurman's coffee were distributed. The compiled data was gathered from 22nd to 29th March 2015. This method was highly useful for the market-entry strategies and place-distribution part of the marketing mix.

Unfortunately, majority of the interviewees mentioned that the size of their places is quite small and there would not be enough space for the offered idea of the Gurman's coffee corner. Some representatives of the visited places did not want to discuss the potential offer in general. Consequently, only one idea based on the observations is included in the report – the American Book Centre. Due to the unwillingness of other representatives to talk, the success of the idea of collaboration with hairdressers, barber shops or beauty salons can be only assumed.

◆ Survey

In addition, a survey data was compiled from a specially-selected group of people, namely, from the residents of the Netherlands from all over the country, aged between 20 – 45 years. The questionnaire (see Appendix A) was distributed through Facebook. A questionnaire survey was carried out from 3rd to 18th July 2015. The online social networking website Facebook and the online platform for survey creation manoapklusa.lt were useful tools to conduct this survey. The questionnaire was distributed to a total of 737 people, among whom 57 respondents filled it out – 22 men and 35 women between the 20-42 years. The survey was useful for the customer analysis in order to develop 6 W's of Ferrell model. Likewise, the survey among the potential customers helped to identify the main direct and indirect competitors of Gurman's brand for the competition analysis and it substantially contributed to the marketing mix.

Another survey was attempted to be conducted among potential business-to-business customers, such as supermarkets, restaurants, cafes (see Appendix B). Unfortunately, this attempt was not successful since almost no answers were received, whereas some companies responded expressing the unwillingness to collaborate due to their policy of non-cooperation with students regarding dissertations and final projects since too many requests were being received, as a result this made it impossible to get and analyse the opinions of potential business-to-business customers.

◆ Personal Interview

The interview was conducted by e-mail with the company's marketing department director, Gintautas Dauksas (see Appendix C) on 26th August 2015. The purpose of

the interview was to receive valuable information about the company. This method greatly contributed to the completion of the internal analysis since this necessary data was not available on the Internet.

Research methods presented above were used to collect crucial and reliable information, necessary to answer the sub-questions of this report that gradually led to the answer of the central research question.

2.1.1 The limitations of the report

In order to critically evaluate the methods used for the purposes of this report its limitations must also be considered.

The first limitation is connected to the field research survey method. As it was mentioned in the previous subchapter, 737 people were asked to participate in a survey and fill in a questionnaire, while only 57 respondents participated. It is important to mention that 57 people cannot represent the diverse population of the Netherlands, thus representing relatively small sample of the whole nation.

The second drawback is in connection with the observations. They were performed only in one city – The Hague, although Kavinuko Prekyba aims to export Gurman's coffee to multiple locations in the country. One city cannot represent the whole country, thus creating only approximate image of the situation of the urban area of the country.

2.2 Theoretical Framework

Nowadays, there are many books on export and marketing planning and all of them offer various frameworks and models created by scholars in order to make the creation of the business plan more efficient and easier. Particular models make the plan itself useful and understandable for all the stakeholders. Knowing the models used, their pros and cons allow anyone to carry the same research and receive similar results. The theoretical framework demonstrates which models were being utilised, what information was analysed and how all this contributed to the research. In other words, it demonstrates the models on which the research was grounded. Moreover, advantages and disadvantages of the models are highlighted; the chosen models are evaluated understanding critically their possible boundaries. The theoretical

framework shows how the existing knowledge was applied in order to perform the research under question. The main purpose of the Theoretical Framework is to demonstrate the relationships of the existing theory and the current research.

1. *Abell Model*

Abell Model is a three dimensional business definition model created by Dr. Derek F Abell. This model helped to define what business the company is in. It was a useful tool to depict who is the target group of the business, to describe what the business offers for that target group and to define how the business serves this concrete target group. Abell Model determines customer groups, customer needs and the way the needs of the customers are satisfied. The advantage of the model is the elasticity, whereas it can be modified together with the changes on the market (Muilwijk, n.d). Despite the advantages of the Abell model, there are some disadvantages. It is mostly connected to marketing and there is no analysis of the external business factors (Strategic Framework: Abell's Framework for Strategic Planning, 2015) .

2. *Porter's value chain*

This model is created by Michael Porter. It portrays the highlighted "collection of company's activities". Those activities are divided into primary and supporting activities that create value. All of them constitute the value chain which is the company's strategy implementation and reflection. Usually, the model is being used by companies willing to increase their revenue since the model identifies the processes requiring optimization. The advantage of the model is that it allows noticing the competitive advantage of the particular company under question and may be used for almost all kinds and sizes of companies (Veldman, 2010). Porter's value chain allowed examining in depth the internal strengths and weaknesses of the Kavinuko prekyba company. The creation of the model was time-consuming, which is its biggest disadvantage. Moreover, the data needed to complete the model was not available online. The main source of information for Porter's value chain was the interview with the company's marketing director.

3. *Business model CANVAS*

Business model Canvas created by Alexander Osterwalder contributed to the illustration of the value creating activities of the company. The model allowed making

an overview of the internal activities, contributed to the formulation of the strengths and weaknesses of the company. It is all about the company's product's value proposition, infrastructure, customers, and finances. The main disadvantage of the model if used alone is its lack of explanation. Thus using it together Porter's value chain model became a complementary visualisation of the company's business model. The biggest advantage of the model was the ability to portray the whole business of the company on one page bringing all the main activities together what allowed remembering all important aspects while formulating the company's strengths and weaknesses.

4. *DESTEP analysis*

DESTEP model is created to investigate the external environment of the company, namely it is one of the models for the country analysis. DESTEP was an extremely convenient and useful tool for revealing the opportunities and threats of the company in the Netherlands which afterwards were used for a SWOT and Confrontation Matrix what led to the choice of appropriate strategies and to the creation of the suitable marketing mix. Disadvantage of this model is the short term of validity, due to the ongoing changes in the environment. Nowadays, DESTEP analysis has to be made more often in order to keep up with external factors and to know the current opportunities and threats of the company. The model provided an opportunity to holistically examine the country's environment which was its biggest advantage.

5. *5 Forces of Porter*

This is another model created by Michael Porter often used for the industry analysis as it is also the case on this report. The purpose of this model is to identify the five competitive forces for the coffee industry what made it useful for understanding whether the company is able to enter a particular market, if it is profitable and appealing enough. Power of suppliers and buyers, threats of new entrants, and substitutes and competitive rivalry – the forces common for all the industries and markets were examined (Porter's Five Forces Model | Strategy framework, 2014). It allowed Kavinuko prekyba to overview its position among the potential competitors and customers as well as to evaluate the level of dependence on suppliers and buyers (Wood, 2012). However, the model has some disadvantages. Nowadays markets and

industries are subject to change more often and more rapidly than ever before. Power of suppliers can be easily lost due to the emergence of the new companies or, on the contrary, due to the power of buyers which can rise at a cosmic velocity while the number of competitors offering the same or similar products can rise unexpectedly. All in all, this model contributes to the identification of opportunities and threats for the company, which allowed the external analysis completion.

6. 6 W's of Ferrell

Since the ultimate customers are the most important stakeholders for the company, because they are purchasing the product, 6 W's of Ferrell model was used to analyse them. It is a clear tool which helps to describe the potential company's customers in detail. The tool allows describing customers in more informative way than the Abell-model, which is the biggest advantage. The main source of information for the model was the results of the survey conducted among potential customers.

7. SWOT & Confrontation Matrix

SWOT is a model that allows every company to overview its current status and envisages the direction of their business. SWOT reveals the strengths and weaknesses that may have an influence on the company's strategy, threats the company might be facing and opportunities it might benefit from in the environment the company is planning to operate. SWOT analysis can be seen as a summary of the internal and external analysis, whereas the Confrontation matrix allows observing and determining important connections in order to identify the good and bad perspectives for the company. Confrontation matrix is the most important model since the results derived from the matrix were the basis for the market entry strategies and the marketing mix. The disadvantage of the model was its difficulty to sometimes determine whether the particular phenomenon is its strength or weakness, threat or opportunity or whether it is significant enough.

3. Internal Analysis

3.1 About the company

3.1.1 History

Limited Liability Company Kavinukas was established in 1993. Not long ago after Lithuania obtained its independence from USSR. The event led to completely new possibilities for the country, including establishment of businesses and introduction of new products. From its start the company took the role of a pioneer bringing new tea and coffee brands to Lithuania. In 1994 Kavinukas introduced Batik tea from Sri Lanka which is highly popular in Lithuania to the present day. Paulig Finish coffee brand was also introduced in 1997, moreover, the company became the "exclusive distributor". In 1998 that was also the case with German Intertee products. One year later, the very first company's scaled tea and coffee stall was opened in the supermarket. Since 2000, Kavinukas has become the member of the Specialty Coffee Association of Europe (SCAE) and also, it has begun to collaborate with cafés, restaurants and bars. Moreover, it installed its first hot drink vending machine. In the same fruitful year, the company established connections with companies like Myllan Paras, Portioli, Linvall and other western European suppliers. Furthermore, for a period of five years, Kavinukas was the official operator of Nestle Food Services in the country. In 2002, the brand Gurman's was introduced and the first branded tea and coffee boutique is opened. It also offers handmade confectionery, tea and coffee accessories.



Figure 3 Gurman's franchise map



Figure 2 Gurman's brand logo and brand mantra

Due to an already clearly developed business concept in 2006 the first House of taste Gurman's boutique franchise was sold. In 2008, Gurman's boutique turnover reached 1 million Euros (Kavinuko prekyba, History, n.d).

Currently, Kavinuko prekyba has its scaled tea and coffee boutiques in all the major Lithuanian shopping malls all over the country. In addition, their packaged products

are sold on supermarket shelves. Furthermore, the company is among the biggest hot drink vending machine operators in Lithuania. Kavinuko prekyba has sold its House of Taste Gurman's boutique franchise to several clients in countries like Ireland, Estonia, Belarus, Ukraine, Romania and Azerbaijan (see Figure2). For the period of five years its export department grew rapidly. The company established export relationships with thirteen EU and two Asian countries (see Figure4) (Kavinuko prekyba, History, n.d). Kavinuko prekyba is willing to find more partners and expand Gurman's brand export to Middle and Western Europe (Glinskiene, Export, n.d). With more than 20 years of experience the in business, it has proven its importance to Lithuanian coffee and tea culture with its high quality premium brands, providing clients with exclusive sorts of tea and coffee (Kavinuko prekyba, Franchise, n.d).

In 2014 the company went through a reorganisation process since Presto prekyba JSC acquired Kavinukas JSC. It was decided that production, logistics, trade and administration processes will be controlled together in order to manage businesses more efficiently. The name of the reorganised company became "Kavinuko prekyba". Main brands of the company were Gurman's and Presto. Gurman's was dedicated to the selective customer with higher income while Presto was oriented to a wider customer base with an average income (Vizbariene, „Presto“ ir „Gurman's“ atsidurs vienos įmonės rankose, 2014).

3.1.2 Vision, Mission, Goals & Values

The company's vision is the promotion of coffee culture and fashion in Lithuania and the Gurman's brand presence all over the EU, by further expanding to Central and Western Europe (Veiklos kryptys, n.d).

The mission of the company is to educate customers, accustom them to higher quality valuable sorts of tea and coffee and provide clients with the joy of discovery of different smells and tastes that allow customers to become a real gourmet (Kavinuko prekyba, Franchise, n.d).

Goals of the company are the following: to meet the most demanding customer gourmet needs, to react fast to any changes and to provide them with high quality and novel products according to the business ethics, and lastly, to keep strong

positions in Lithuanian and foreign markets (Gurmans.lt, n.d).

The company values employees' professionalism, flexibility, unity of the team and the ability to rapidly react to the market changes. Kavinuko prekyba actively aspires to collaborate with other companies and public organisations implementing the company's goals (Musu vertybes, n.d).

The motto, or in other words – the brand mantra, is “art to create taste”, which clearly presents the essence of the brand.

3.1.3 Business Relationships

After observing Gurman's export map presented on the official company's website



Figure 4 Gurman's export map

(see Figure4) it becomes clear that it already has experience in exporting their products and selling the franchise abroad since numerous partners and distributors are present. According to the company's marketing director, currently Estonia is the biggest export partner of Gurman's coffee. Moreover, it can be concluded that there is a gap of

export relationships with Middle and Western European countries. At the moment relationships are established only with a few. It seems as if the strategy used and conditions offered are more attractive to clients from Eastern European countries than for the ones from Central, Southern and Western Europe.

3.1.4 Product range description

Gurman's brand possesses tea and coffee divisions. For the purpose of this project there is no need to look at the tea division of the brand since the coffee is chosen as a product for the export.

Gurman's coffee is divided into two categories: coffee beans and ground coffee.

The company offers three categories of coffee beans, namely, regional, flavoured and espresso. The regional coffee offers coffee from different countries, regions and plantations. Espresso offers carefully selected coffee beans which are suitable for preparing espresso. Flavoured coffee, which is completely synthetic-free and non-alcoholic, is made using natural syrups providing customers with the variety of tastes that makes coffee special and delightful like a dessert. Furthermore, Gurman's possesses three categories of ground coffee namely plain ground coffee, coffee for hotels and flavoured coffee. The sorts of ground coffee vary; some of them have spicy or mild taste, containing green coffee beans extracts; others are organic or collected from very special plantations. Hotel coffee has its clear purpose – it serves hotels' restaurants, room service, and is offered in larger quantities. Synthetic-free, non-alcoholic flavoured ground coffee is carefully pre-packaged in vacuum packages that are placed in small elegant carton boxes.

3.2 Market Description of Gurman's flavoured coffee

3.2.1 Product description

Kavinuko prekyba chose to focus on flavoured coffee for the export to the Netherlands. All sorts of flavoured coffee offered by Gurman's are listed below.

Flavoured coffee beans

- | | |
|----------------------------|------------------------|
| ❖ Rum flavour | ❖ Vanilla flavour |
| ❖ Amaretto flavour | ❖ Creme brulee flavour |
| ❖ Brandy flavour | ❖ Tiramisu flavour |
| ❖ Chocolate-cherry flavour | ❖ Sambuca flavour |
| ❖ Chocolate-mint flavour | ❖ Irish cream flavour |
| ❖ Chocolate-orange flavour | ❖ Cappuccino flavour |
| ❖ Hazelnut flavour | ❖ Cinnamon flavour |
| ❖ Chocolate flavour | ❖ Eggnog flavour |
| ❖ Caramel flavour | ❖ Banana flavour |

Flavoured ground coffee

- ❖ Maple syrup flavour
- ❖ Jamaican royal nutty taste
- ❖ Tiramisu flavour
- ❖ Irish cream flavour
- ❖ Amaretto flavour
- ❖ Banana flavour
- ❖ Rum flavour
- ❖ Chocolate flavour

Kavinuko prekyba offers Gurman's flavoured beans and ground coffee in 18 different tastes that are made from premium quality Arabica coffee beans. According to the company's marketing director, Gurman's coffee is truly unique since it does not have any direct competitors on the market due to lack of flavoured coffee of the same quality. Moreover, company also offers coffee packaged as a gift (Gintautas Dauksas, interview, August 26, 2015).

3.2.2 Target group in Lithuania

Abel Model is an extremely useful tool in order to identify the target group of the product. In general, the ultimate customer of Gurman's brand is everyone who values exceptional quality, good taste, and pleasant flavoured coffee aroma. Since the price of coffee is relatively high it can be afforded mainly by upper-middle class or affluent people. Moreover, for those who normally cannot enjoy plain coffee taste without adding syrups or other sweeteners, Gurman's flavoured coffee is a solution to the problem. Since Gurman's coffee is processed without using any preservatives, the brand targets health-conscious people.

The intermediate customers of Gurman's flavoured coffee are specialised physical and online shops. Internet shop portfolio includes websites such as charlot.lt, barbora.lt, biurogidas.lt, sveikatosstilius.lt, ikipasimatymo.lt, kavosmuge.lt. Targeted physical supermarkets are Aibe, Rimi, Iki, Maxima, Norfa, various hotels, restaurants, bars, cafeterias, private companies purchasing Gurman's coffee and renting vending machines for their offices. Moreover, Gurman's brand offers its House of Taste Gurman's coffee boutique franchises.

Abell Model

Abell Model helps to identify business the company operates in and allows to identify target groups of the product in question.

Target Customers (Who?)

Real gourmets

Upper middle class, affluent people

The ones who do not enjoy the taste of the regular coffee

People striving to avoid artificial ingredients and preservatives - health conscious consumers



Technologies (How?)

Wide range of exceptional flavours, only 100% Arabica quality coffee beans

Unique and modern flavouring technique, no preservatives, additives

Functions (What?)

High quality, wide range of exceptional flavours, delicious taste, excellent and convenient packaging design

A sense of belonging to the special community of unique luxurious flavoured coffee lovers

Natural ingredients and safe production process, calorie free

3.2.3 Positioning of Gurman's coffee in Lithuania

According to Keller, 'positioning' is the process of capturing the right place in the minds of current and potential customers using a product or brand image that is beneficial to the company. Positioning is about creating a clear idea of what the brand stands for, what is unique about the brand and what it has in common to other brands in the category, as well as, why it should be chosen over them. Positioning can be designed only after the four main elements are identified, namely, target market, competition, points-of-parity and points-of-difference (Keller, 2013).

According to Keller, there are several product levels. The four of them are identified for Gurman's flavoured coffee below. Augmented product level is the most important in order to know how to differentiate, to benefit the company, because usually consumers purchase not only goods, but the value products provide (Van Vliet, 2013).

<i>Core Product:</i>	Satisfies the need to stimulate physical activity, regulate low arterial blood pressure.
<i>Generic Product:</i>	Properly roasted, acceptable and intensive taste.
<i>Expected Product:</i>	Pleasant aroma, natural ingredients, made from high quality coffee beans.
<i>Augmented Product:</i>	It offers customers variety of unique tastes, makes them feel as connoisseurs and a part of the special community of exceptional flavoured coffee lovers. Performing social function, price corresponds to the quality.

First of all, Gurman's differentiates based on its product features. The brand offers flavoured coffee made from high quality 100% Arabica coffee beans. Moreover, Gurman's coffee is natural, processed without any preservatives. In order to flavour coffee, the supplier Coffee Roots processes coffee beans using a unique spray technique and slow roast that allows preserving all of the good qualities. The brand offers a wide range of coffee flavours to meet the demands of the customers and to be different among their competitors. Furthermore, Gurman's has introduced the elegant and convenient packaging design to grant customers with the possibility to purchase the package of Gurman's coffee as a gift for someone and to keep coffee fresh. Secondly, Gurman's employs price as a point of difference. In Lithuania 125g package of flavoured Gurman's coffee costs 3.50-4.50€ depending on the place of purchase. In comparison with other coffee brands sold in Lithuania that is expensive. Though, the price is reasonable since it is based on exceptional quality, naturalness, uniqueness and design of the product. The final source of differentiation is its channel attributes. Gurman's coffee can be found in the exclusive House of Taste Gurman's coffee boutiques which are present in all big shopping malls in the country. Additionally, the most important city's supermarket chains, such as Maxima, Rimi, Iki & Norfa also offer its flavoured coffee. This makes the product more accessible. In conclusion, the brand differentiates itself based on product features, pricing and channel attributes. Gurman's positions the product as high quality, natural, efficiently produced and excellently packaged, offering wide range of flavours.

The company is trying to position it as a premium brand. The excellent quality, wide range of unique tastes, the price, packaging and points of purchase is the evidence. Moreover, the company's management participates in various exhibitions and congresses, establishes contacts with honoured European, Japanese, Brazilian coffee tasters (Gurman's.lt, n.d). According to the local media, Gurman's brand is dedicated to fussy customers (Vizbariene, „Presto“ ir „Gurman's“ atsidurs vienos įmonės rankose, 2014).

3.3 Porter's value chain

'Primary activities' are the incoming logistics, operations, outgoing logistics, marketing and sales, service. That means that these are all activities directly connected with materials such as the creation of the product, realisation, distribution, product-buyer relationships and even the post-purchase experience. 'Supporting activities' are the infrastructure, acquisition, technological development and human resource management. These activities are additional to the primary ones, despite the fact they are secondary, supporting activities are likewise important and inevitable for each company.

- **Incoming Logistics**

According to Gurman's marketing director, Gurman's purchases coffee from the Belgian coffee wholesaler Coffee Roots. Using unique technology, the company roasts and flavours the coffee and transports it from Belgium to Lithuania by lorries. Kavinuko prekyba hires different transportation companies offering the best conditions at the time. Coffee suppliers change coffee prices in accordance to the coffee beans' prices on the stock exchange. Moreover, prices are often the subject to negotiation between producer and the company purchasing it (Gintautas Dauksas, interview, August 26, 2015).

- **Operations**

Marketing department of the company creates packaging design and the production department packs the received products. Company possesses modern packing machines (Gintautas Dauksas, interview, August 26, 2015). Production area of the

company is about 300 sq. meters (Vizbariene, „Presto“ ir „Gurman's“ atsidurs vienos įmonės rankose, 2014).

- **Outgoing Logistics**

Transportation and storage are two activities of the company's logistics division. Kavinuko prekyba possesses their own warehouse space in order to store, sort and load the products after receiving them from Belgium and before transporting to the points of purchase in Lithuania and abroad. Lorries are being used to transport Gurman's coffee from the warehouse to the points of sales. The company does not own transportation vehicles; therefore, products ready for sale are being transported by various transportation companies offering the best conditions at the time (Gintautas Dauksas, interview, August 26, 2015).

- **Marketing and Sales**

According to the company's marketing director, company separates its brands by target groups. Nevertheless, Kavinuko prekyba distributes some brands of other companies. The main brands of the company are Gurman's and Presto (Gintautas Dauksas, interview, August 26, 2015). Gurman's products are dedicated for selective clients and Presto is a budget-friendly product-line for larger customer-circle (Vizbariene, „Presto“ ir „Gurman's“ atsidurs vienos įmonės rankose, 2014). Market share of the company in Lithuania is not big since the company is not interested in targeting masses or very large segments. Gurman's prefers the 'niche marketing, being a high-quality flavoured coffee provider for upper-middle class gourmet customers, while Presto brand is more modest and respectively offers cheaper products. The trade department of the company negotiates with supermarket chains, restaurants, private business clients. Meanwhile, its marketing department is involved in the promotion of the brand through channels such as supermarket advertising, commercials on TV, Internet promotion through social media, and participation at exhibitions. Kavinuko prekyba is also socially-responsible business. That also might be considered a part of their marketing strategy. The company supports charities by providing food products. In all countries of export Gurman's is being sold under the same brand name, meanwhile the corporate name is not accentuated neither in Lithuanian nor in overseas markets (Gintautas Dauksas,

interview, August 26, 2015). According to the company's marketing director, currently Kavinuko prekyba offers limited funds for the Gurman's brand coffee advertising (Gintautas Dauksas, interview, August 26, 2015).

- **Services**

Kavinuko prekyba provides coffee machines' maintenance service for their coffee vending machine business customers. Promotion materials, marketing support schemes are provided for business customers acquiring House of Taste Gurman's boutique franchises (Kavinuko prekyba, Franchise, n.d). Moreover, the customer service telephone number is provided.

- **Infrastructure**

Kavinuko prekyba JSC was established in 2014 when Presto prekyba JSC acquired Kavinukas JSC.

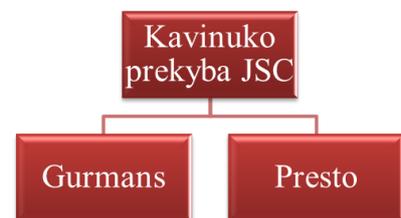


Figure 6 Kavinuko prekyba company structure

After the merger of two companies, joint production was introduced due to the similar product production processes of both brands and in order to make the manufacturing process more efficient. Currently, the parent company Kavinuko prekyba consists of two company units, namely, Gurman's and Presto (Vizbariene, „Presto“ ir „Gurman's“ atsidurs vienos įmonės rankose, 2014). Moreover, Gurman's has divided its business in separate spheres, namely, wholesale, HoReCa, specialised tea, coffee and accessory shops, vending, export, House of Taste GURMAN'S, franchising (JSC Kavinuko prekyba, Business lines, n.d).

- **Acquisition**

Raw material is being purchased only from one company – Coffee Roots. Kavinuko prekyba marketing director noticed that it would be extremely difficult for Kavinuko prekyba Gurman's brand to switch to another supplier since this is the only company in Europe producing such a high quality flavoured coffee due to their unique technology and special coffee flavouring device created by the company's engineers. Coffee Roots trades only with the wholesalers and places the desired brand name on the primary packaging (Gintautas Dauksas, interview, August 26, 2015).

- **Technological development**

Company has already invested in acquisition of modern packaging equipment and is planning to partly cover the expenses of their business development with support from EU funds. Though, Gurman's coffee is not organic and the packaging is not environmentally friendly. (Gintautas Dauksas, interview, August 26, 2015).

- **Human Resource management**

The company has 146 employees, whose qualification and education corresponds to the requirements of their current position in the company. Those who need foreign language skills for their work have sufficient level of knowledge (Gintautas Dauksas, interview, August 26, 2015).

3.4 Financial Analysis

The turnover of the company in 2013 accounted for 4, 102, 897 Euro (Butkus, 2014). The authorised capital of the company is 579, 240 Euro (Vizbariene, „Presto“ ir „Gurman's“ atsidurs vienos įmonės rankose, 2014). After the merger of Presto Prekyba and Kavinukas, company's Kavinuko prekyba sales have significantly increased. According to the company's marketing director, due to the Euro adoption in Lithuania in January 2015 Kavinuko prekyba has experienced certain losses. Nevertheless, currently it is preparing for a trade growth. In general, Kavinuko prekyba is a financially healthy company (Gintautas Dauksas, interview, August 26, 2015).

3.5 Business model CANVAS

<p>Key Partnerships</p>  <ul style="list-style-type: none"> • Sole producer and supplier: Coffee Roots • Various transportation companies • Lithuanian Hotel and Restaurant Association • menu.lt - the website on horeca sector • Lithuanian restaurant guide organization • Lithuanian National Philharmonic Society • Lithuanian National Opera and Ballet Theatre • Vilnius International Film Festival 	<p>Key Activities</p>  <ul style="list-style-type: none"> • Packaging design and packing • Retail • Wholesale • Marketing & Sales • Branding • Export • Vending • Marketing support for the franchisees 	<p>Value Proposition</p>  <ul style="list-style-type: none"> • Premium quality Arabica coffee from the best plantations • Ingredient innovation, original, exclusive, special flavours and aromas • Exotic and classic coffee accessories • Bulk selling option on favourable prices • Coffee packaged as a gift • Variety of different coffee machines for rent • Informational and promotional materials • Technical maintenance • Appropriate packaging sizes • Long-lived experience • Consultancy 	<p>Customer Relationships</p>  <ul style="list-style-type: none"> • Long-term • Corporate website • Social media presence (Facebook, Twitter, YouTube) • Customer service telephone line • Coffee machines' maintenance service • Assistance and promotion materials for the franchisees 	<p>Customer Segments</p>  <p><u>Consumers</u></p> <ul style="list-style-type: none"> • Gourmets willing to purchase quality, novel, delicious and unique coffee • Upper middle class, affluent people • Consumers who do not enjoy the taste of the regular coffee • People striving to avoid artificial ingredients and preservatives - health conscious consumers (retail) <p><u>Businesses</u></p> <ul style="list-style-type: none"> • Specialized shops, E-shops • Supermarkets (wholesale) • Hotels, restaurants, bars, cafeterias
	<p>Key Resources</p>  <ul style="list-style-type: none"> • Products (coffee, tea, coffee vending machines) • Brand • Employees • Partners' network • Business concept, sales and marketing support scheme for the franchisees 		<p>Channels</p>  <ul style="list-style-type: none"> • Retailers • House of Taste • Direct sales • Reps 	

				(horeca) <ul style="list-style-type: none"> • Offices (vending) • Franchisees • Importers
 Cost Drivers <ul style="list-style-type: none"> • Product inputs (coffee, packaging, ingoing and outgoing logistics, marketing and promotion) • Staff salaries • Equipment and facilities, premise maintenance 		 Revenue Streams <ul style="list-style-type: none"> • Coffee, tea , their accessories and handmade sweets sales (wholesale and retail) • Rent of coffee vending machines • HoReCa goods supply system • Export sales • Franchising fees 		

Figure 5 Gurman's Business model Canvas

3.4 Strengths & Weaknesses

One of the first and the most important steps in the export planning is figuring out what the strengths and weaknesses of the company are. That is also the purpose of the internal analysis. According to Veldman, the strengths of the company are the resources in terms of equipment, people or skills that can be beneficial to the company in achieving their goals, whereas the weaknesses have the opposite effect (Veldman, 2010). The overview will help to take those strengths and weaknesses into account when deciding whether to export or not and will contribute to the SWOT matrix.

♣ Strengths

1. Financial health and stability.
2. Brand image and reputation on the domestic market.
3. Wide assortment of exclusive, high and steady quality natural products.
4. Long-term coffee retail, vending, export and franchising experience.
5. Socially responsible company.

6. Modern packaging technology.
7. Well-educated employees.
8. Distribution channel relationships, products are present all over the country.

♣ Weaknesses

1. Expensive raw materials, high product price.
2. Limited funds for product advertising.
3. Dependent on the supplier.
4. Product is not organic and its packaging is not environmentally friendly.
5. Few connections on the western market.

4. External Analysis

The External analysis is going to examine the company's macro and micro environment in the Netherlands. According to the marketing terminology, macro-environment includes demographic, economic, ecological, technological, political-legal and socio-cultural factors, whereas micro-environment consists of customers, competitors, channel members, partners, suppliers and employees. Macro-economic and micro-economic factors reveal potential opportunities and threats of the company (Wood, 2012).



THE NETHERLANDS

Figure 6 Dutch flag

4.1 Country analysis

4.1.1 DESTEP analysis

- **Demographic environment**

According to the Dutch National Statistics Office CBS, in 2014 taking into account the immigration and birth rate, population has increased by more than 73 000 inhabitants, making the total of 16, 917 207. There is made a calculation that until 2040 population in The Netherlands should reach 18 million (Centraal Bureau voor de Statistiek, Gezondheid en welzijn, 2015).

In addition, the extent of urbanisation is relatively high, 89.9% of total population lives in the urban areas and every year the number grows (Central Intelligence Agency, The World Factbook, 2014). Almost 44% of country's inhabitants live in the Randstad area which comprises the cities of Amsterdam, Rotterdam, The Hague and Utrecht and some smaller cities (OECD, OECD Territorial Reviews: Netherlands 2014, 2014). Moreover, population in this region is constantly growing (Statistics Netherlands, Population, 2011).

- **Economic Trends**

The Gross Domestic Product (GDP) of the country has been growing for a third year in a row (tradingeconomics.com, Netherlands GDP, 2015). Moreover, in the year 2016 it is expected to grow by 2.1%. (dutchdailynews.com, 2015). The rise of GDP signifies the rise of country's standard of living and the growth of the economy. All in

all, after the global financial crisis, the economic situation of the country is getting better (Economic monitor, 2015).

Furthermore, the employment rate in the Netherlands is 75% (OECD, How's Life?, n.d). According to the OECD, household disposable annual income in the Netherlands is higher than the average of the OECD. In addition, the richest represent 20% of population (OECD, How's Life?, n.d). Consumer Confidence Index is also growing (ycharts.com, 2015) and currently is the highest in comparison to the indexes of the past 8 years (Statistics Netherlands, Income and spending, 2015). Furthermore, starting from January 2014 consumer spending has been growing significantly and steadily (Trading Economics, 2015). All in all, inhabitants are more positive about the current and future country's economic situation, thus, are willing to spent more money.

- ***Social-Cultural trends***

The population of the Netherlands is extremely multicultural. The country accommodates almost 200 different nationalities (Van Jaarsveldt, Nearly 200 Nationalities Call Netherlands Home, 2015). Despite of the fact that Dutch is an official language of the country, English is spoken by 87% of the country's population (Netherlands Foreign Investment Agency, n.d). According to Education First, inhabitants possess extremely high level of English proficiency (EF Education First, 2015).

Almost 96% of the population in The Netherlands use Internet (Miniwatts Marketing Group, 2014). Social networks in the Netherlands are widely used. At the beginning of 2015, 9,4 million people were users of Facebook, 6,6 million of them were daily users and the number increases. Facebook, Google+, Youtube, Twitter and Instagram are the most popular social networks in the country, although the popularity of twitter is significantly declining, while Pinterest comes into vogue (eMarketer Inc, 2015).

Dutch people spend their leisure time visiting museums, libraries, bookshops, theatres, cinemas, concerts, jazz bars and restaurants. Large museums in The Netherlands attract more and more visitors every year while medium-size and small

museum visitors' number declines in some cases (Statistics Netherlands, Press release, 2015). It is common in the Netherlands to provide customers with free tea and coffee at supermarkets (amsterdamtips.com, n.d). A habit of coffee drinking becomes a socially important activity and part of Dutch culture. Dutch people are more likely to invite a new friend or a neighbour for a cup of coffee than for a dinner. Moreover, coffee breaks at work have become a tradition (Countries and Their Cultures, n.d).

- ***Technological trends***

The Netherlands is famous for its well-developed transport infrastructure in terms of Rotterdam port, Amsterdam airport, highways, railways and logistics' services that stimulate the country's export and import (Netherlands Enterprise Agency, 2013).

About three thirds of country's inhabitants use Internet for their purchases. Furthermore, on-line grocery shopping becomes extremely popular (Van Jaarsveldt, Dutch Buying More Groceries Online, 2015). Popularity of online radio and TV has also increased. 59% of people read newspapers online, while printed newspapers speedily lose their audience. More and more Internet users employ mobile phones instead of computers or laptops (Statistics Netherlands, Statistics Netherlands: 9 in 10 people access the internet every day, 2015).

Ground coffee and soft pods are still the major types of coffee preferred by inhabitants. However, the decline of popularity for those two categories is expected. Coffee beans are in a good position on the market, popularity is substantially growing, but the future predictions are less enthusiastic. On the contrary, bright future and steady grow is forecasted for the new trends in the country's coffee industry – coffee hard pods, premium and organic coffee (Euromonitor, 2015).

- ***Ecological trends***

Sustainability and fair trade is particularly important for Dutch people. Government, businesses and inhabitants successfully strive to reduce harm on the environment. According to Environmental Performance Index ranking, The Netherlands takes 11th place among 178 world's "greenest" countries (Ross, 2014). In addition, almost half of the country's coffee possesses a sustainability certification (CBI Market

Intelligence, 2015). Moreover, organic products become increasingly popular among inhabitants (dutchcommunity.com, 2013).

- ***Political-Legal trends***

Country has been a member of the European Union since 1958 (European Union, 2015). For this reason, export and import is mainly defined by the EU legal and non-legal buyer requirements. According to EU law, "Any product lawfully produced and marketed in one Member State must, in principle, be admitted to the market of any other Member State" (Official Journal of the European Union, 1980). In addition, The Netherlands is the member of the Eurozone.

According to Transparency International, the Netherlands takes 8th place out of 175 on the Corruption Perception Index 2014 being among the least corrupt countries in the world, but still having aspects to improve (Transparency International, 2015).

Furthermore, corporate tax rate in The Netherlands is relatively low, 20% for profits lower than 200, 000 Euro and 25% for higher profits. Moreover, country offers agreeable taxation conditions for foreign companies (PricewaterhouseCoopers Belastingadviseurs N.V., 2015).

4.2 Industry analysis

Coffee is on the second place of the most traded commodities in the world after petroleum. That means that the industry is thriving and the product is highly demanded (Goldschein, 2011). Around 600bn cups of coffee per year are being consumed (ico.org, Mission , n.d). According to International coffee organisation, an intergovernmental body uniting the major world's coffee exporting and importing countries, in 2014 coffee consumption globally increased by 1,8%. Currently demand is growing in emerging markets (see Figure 6) such as Algeria, Australia, Russia, Turkey, etc. However, there is still a steady growth in traditional markets one of them being the EU (ico.org, Monthly Coffee Trade Stats, 2015). In 2013, The Netherlands was the world's per capita coffee consumption leader, with the score of 2.41 cups per day (statista.com, 2014).



Figure 7 Global coffee consumption

4.2.1 5 Forces of Porter

Power of Suppliers

The power of suppliers is extremely high.

coffeeroots.

Coffee Roots is the only wholesaler in Europe which produces flavoured coffee of such a high quality, corresponding to the Gurman's brand level and ideology using a unique spray technique for making coffee flavoured. Since the company is a sole supplier it can take an advantage and raise the prices. According to the Gurman's marketing director, it would be difficult to change the supplier because there are no suitable alternatives in Europe to switch between (Gintautas Dauksas, interview, August 26, 2015).

Power of Buyers

The power of buyers is also high since they have multiple options to choose from. Coffee brands should compete in order to get the attention of their buyers. The same is valid for the buyers as ultimate customers and as business customers – retailers, such as Dutch supermarkets. Albert Heijn and Jumbo, various shopping malls and specialty shops are the potential buyers for the product. The bargaining power of potential buyers is relatively high since above-mentioned supermarket chains have high market share in the country, especially Albert Heijn which dominates the retail market in the Netherlands and long list of companies are desperate to be present on its shelves, for this reason it can demand lower price for Gurman's flavoured coffee (USDA Foreign Agricultural Service, 2010). The only direct competitor of Gurman's flavoured coffee Starbucks does not distribute its coffee through the supermarkets in this way bypassing the powerful buyers.

Threat of New Entrants

The threat of entry is low. Industry is attractive thus has higher barriers. Company willing to compete in the industry should have experience and reach high scale of production. Legislation or government action does not really affect the industry due to the European Union single market rules. If the product is allowed to be sold in one

EU country, it should be accepted for sale in the other. Moreover, within the EU there are no tariffs on import. Gurman's is well experienced in the industry. In The Netherlands there are several large coffee wholesalers which have great access to raw materials and well-established relationships with distribution channels, loyal customers who trust and appreciate these coffee brands. For Kavinuko prekyba as a new entrant it will take some time and investment to enter the market, to gain the trust of Dutch distribution channels and customers. Retaliation against new entrants could be present since the main direct and indirect competitors like Starbucks, Lavazza, Illy, Douwe Egberts, AH Excellent coffee offering coffee are the brands holding strong position on the Dutch coffee market, which through the years have gained customer trust. An easier entry to the market is possible in case the product is aimed on the specific market niche, in other words, differentiation is the key to enter the market. Brand should offer something different from what the existing companies are offering in order to enter and stand out on the market.

Threat of Substitute

Usually if someone does not drink coffee, he or she chooses tea instead. The Black or green tea is well known organic coffee substitute also containing lower



Figure 8 A cup of tea

amounts caffeine but providing similar stimulation benefit. On the contrary to coffee which is made from coffee beans, tea is a plant which leaves are being collected and afterwards processed. Black tea leaves are fermented, while unfermented leaves are called green tea.

The biggest advantage of tea, that it can be drunk in much larger quantities, while drinking exceeding amounts of coffee can be harmful to the body, especially for the heart with the high blood pressure and increased heart rate. Moreover, tea may lower stress hormones, protect the teeth on the contrary to coffee, which may lead to the anxiety and teeth colour change (Bushak, 2014).

Since healthy lifestyle becomes more and more popular, tea might become a desired coffee alternative. Caffeine is being considered harmful for people with high blood pressure. It also can be a perpetrator of headaches or indigestion (caffeinformer.com, 2015). However, the threat of substitute is low since coffee is

quite unique product which is valued not solely for the core features and benefits but also for the added value it provides since eventually morning cup of coffee has become popularised ritual or having a cup of coffee together with someone has become a social activity.

Competitive rivalry

Hundreds of competitors exist within the coffee industry selling coffee for home use, on-the-go and in-house consumption in the supermarkets, specialty shops, coffeehouses and online. Competitors are more or less of equal size, they position themselves differently, moreover, fixed costs in the coffee industry are high due to all the stages and processes coffee goes through. All of that suggest that the competitive rivalry is big.

4.3 Customer analysis

4.3.1 6 W's of Ferrell

In order to avoid the clutter on the market and know how to target the potential customers, it is essential to define the ideal customer (see Appendix E) and the potential customer needs for Gurman's flavoured coffee. Customer analysis is based on the survey results.



Who? The primary target group of flavoured "Gurman's" coffee are real gourmets, demanding customers, people who prefer coffee of premium quality, unique flavours and made from natural ingredients (see Appendix D). Gurman's coffee brand targets men and women of above average income level having sophisticated and more or less luxurious lifestyle and preferences, or striving to approach to that type of lifestyle, paying attention on the product appearance. As it can be noted from the questionnaire results, 64,7% of respondents would prefer higher price, but attractive coffee packaging than modest packaging with the lower price (see Appendix D). These are the customers Gurman's targeting in The Netherlands. Young adults and adults aged between 25–45 years old, of upper middle or upper classes having a full-time job and high, steady income, living in the urban area of the country. Target customers at the same time might be initiators, influencers, payers, deciders, buyers and users of Gurman's flavoured coffee. The secondary target group could be customers who strive to live healthier

since they value naturalness of the coffee and are ready to pay the premium price for that. Gurman's flavoured coffee is the solution for people who attempt to avoid adding sugar, syrups, milk or consuming confectionery and still would like to enjoy a cup of flavoured coffee.

Taking behavioural segmentation as a base, target customers of Gurman's are "the sensory segment" – gourmet people who value flavour and product appearance. They live in urban areas of the country, mainly in the Randstad region, constantly seek novelty. Thus, they can be regarded as innovators or early adopters looking for the new and unique products contributing to their lifestyles. Gurman's brand coffee consumers are tired of plain coffee and they are looking for pleasant flavours to satisfy the craving for gourmet products and pleasure.

Gurman's is a coffee brand focusing on a specific market segment, therefore chooses relatively small niche to target. However, the prosperity is accumulated in the niche company is going to target, what makes it extremely attractive. Purchasing power of potential consumers of the segment is high and adequate potential sales are expected. For the hypothetical ultimate customer profile, please refer to Appendix E.



What? Gurman's brand flavoured coffee consumers want to buy high quality, natural and unique product to satisfy their coffee need and love for the gourmet products. Gurman's offers premium quality 100% arabica coffee beans of 18 different flavours what definitely meet the need. Moreover, a production recipe of coffee beans mixture is unique and belongs to Kavinuko prekyba company. In addition, Gurman's coffee consumer purchases not only high quality and unique flavoured coffee, but also a feeling of belonging, being a member of a special community of unique luxurious flavoured coffee lovers. About 18% of survey respondents would like to participate in a membership programs, more than 20% would purchase Gurman's coffee more often if it is packaged as a gift. The main stimulus to purchase the product would be even more diversified assortment.



When? Coffee is not a daily product on the grocery list. Coffee-lovers purchase it only when necessary. Regularity of coffee purchase depends on each individual customer or family, depending on the quantity customer purchase at a time and on the frequency and amount of usage.

From the market observations it is visible that Dutch customers adore supermarket sales since there are plenty of discounts on the supermarket shelves such as "2de halve prijs", that means the second item for half price, "twee voor een", which stands for two for the price of one. However, the potential target group of the Gurman's flavoured coffee does not require sales or price cuts, membership discounts are rather acceptable. Affluent customers are able to purchase Gurman's coffee any time, when it is necessary.



Where can i buy?

Where? Potential customers of Gurman's flavoured coffee brand prefer to do their groceries at the specialty shops, almost 30% of respondents and others prefer shopping malls and specialty supermarkets (see Appendix D). In The Netherlands Gurman's brand customers would buy in the top-end or regular supermarkets. Albert Heijn would represent the top-end Dutch supermarket while Jumbo is closer to the regular supermarket chains' category. With regards to the shopping malls, potential Gurman's customers would prefer places such as Stadshart Amstelveen shopping mall in Amsterdam, Alexandrium shopping centre in Rotterdam, Passage in The Hague, Hoog Catharijne in Utrecht, Tref Center in Venlo. Specialty shops in The Netherlands usually are accumulated in the city centres, on the main streets.



WHY?

Why? Nowadays, due to the large assortment of products on the supermarket shelves, product quality, uniqueness and added value is extremely important. Gurman's brand targets customers are looking for excellent quality and exclusivity. Moreover, customers, especially in western countries, where the living standards are higher, are looking for products without artificial ingredients, preservatives or colorants since health-consciousness and healthy living are becoming more and more popular (Pattenden, 2014). Target customers purchase Gurman's coffee in order to enjoy the quality, unique taste and flavour, at the same time thinking about their and their family's health since the product does not contain any artificial additives and without adding sugar or milk is calorie-free. Consuming an exclusive product gives customers the feeling of belonging to the certain society group of excellent quality coffee lovers and since Gurman's coffee is a specialty coffee, it provides consumers with the end values such as self-respect, social recognition, belonging, dominance, dignity, elegance, esteem,

excellence, wealth, originality, quality, uniqueness, prestige and pleasure. Gurman's coffee is a natural and delicious product appealing to adults. Gurman's coffee is easy to prepare, which makes it perfect for an engaging morning.

How? Coffee usually is being sold by packaged or by weight in case of coffee beans.



HOW?

Gurman's coffee has long expiration date, thus larger quantities of Gurman's coffee beans can be bought at once. However, Gurman's coffee brand attempts to position the product as premium and strives to keep the quality high, therefore, produces only small packages in 125 grams of flavoured ground coffee so it is fresh and odorous longer. According to the survey, about 39% of respondents preferred being able to purchase Gurman's coffee just in a form of beans or ground coffee, whereas almost 35% claimed that in addition they would like to have an option of tasting the prepared coffee in advance at the point of purchase.

4.4 Competition analysis

4.4.1 Direct & Indirect competitors

In the coffee industry there are many competitors. It is critically important to know the competitors of the company. Only then the efficient strategies could be drawn. Competitor analysis could give a chance to making use of competitor's weaknesses

Direct Competitors

Even though in the House of Taste Gurman's coffee boutiques there is an option to taste Gurman' coffee, Gurman's flavoured coffee competes on the market in the category of "brands for home consumption", not in cafeteria, restaurant or coffeehouse category, because the main focus is the coffee itself, which is flavoured while processing coffee beans, not at the moment of preparing a drink. Thus the main competitor offering flavoured coffee on the Dutch market would be Starbucks coffee company which likewise offers coffee for home consumption. Since the Gurman's brand is not a coffeehouse, Gurman's may compete with Starbucks coffee on the grounds of "take-home" coffee.

In the survey conducted among Dutch customers about the Dutch coffee market and Gurman's coffee brand respondents were asked a question regarding coffee brands

they know and which brands they consider as the strongest on the market. With reference to the survey results, it can be concluded that the respondents mentioned quite a lot of existing coffee brands present in The Netherlands. Those were the following brands: Douwe Egberts, Albert Heijn coffee, Kanis & Gunnink, Lavazza, Illy, Tchibo, Van Bestel, Hoogvliet coffee, Starbucks, Coffee Company, Buondi, Simon Levelt, Segafredo, Max Havelaar, Danesi, Vas Bestel, Nescafe, Nespresso and Buondi by Nestle. The following most often mentioned brands - potential competitors for Gurman's brand were chosen and analysed in details: **Starbucks, Douwe Egberts, AH Excellent coffee, Lavazza, Illy and Nescafe.**



Starbucks is the world famous American coffee company existing on the market already for 44 years. It operates as a coffeehouse and coffee company. Company purchases and roasts coffee beans in-house. Starbucks has more than 22,000 coffeehouses in 67 countries all over the world. It gives great importance not only to the quality coffee for sale, but also to the preparation of coffee drinks and customer experience at their coffeehouses. Starbucks sells high quality whole bean and ground coffee, instant coffee and refreshers, coffee capsules and pods, reserve coffee and coffee portion packs. Some of the categories include naturally flavoured versions, however, not available in The Netherlands. In addition, Starbucks provides customers with tea, fresh food such as salads, oatmeal, fruits and pastry. Company positions its stores as a "gathering place for meeting friends and family" and its products are branded as a symbol of high status. Starbucks offers coffee "in stores, at home and on the go" thus being present with the customers in all the situations they may need the product (Corporation, n.d). Coffeehouses are located in the cities or luxurious suburban areas where the company's target customers gather. The main customers of Starbucks are men and women in the age range of 25-40 years old high income professionals interested in social issues. In addition, company targets young adults from 18 to 24 years old. Starbucks products are available in the coffeehouses, in the supermarkets and online (O'Farrell, n.d). Company makes substantial marketing investments which grow every year. (statista.com, Starbucks Corporation's marketing spending, 2015). In 2014 the turnover was 14.74 billion euros (statista.com, Revenue of Starbucks

worldwide, 2015). The price of Starbucks coffee in The Netherlands is in the range of 22 – 105 € per kilogram depending on the type of coffee. Despite of the fact that it is only one competitor which offers flavoured coffee as Gurman's brand does, in 2014 only 8% of total company's revenue came from sales of consumer packaged goods (Starbucks Corporation, 2015).



Lavazza is a multinational leading Italian coffee manufacturer and espresso systems designer. Company's coffee is present in more than 90 countries around the world. Lavazza has 4 Italian, 1 Indian factory and more than 3000 employees. Company intensively works on the *research and development* with a strong focus on innovation, environment and offers customers sustainably grown coffee, namely, coffee beans, ground coffee, filter coffee, decaffeinated blends and coffee capsules of the highest quality, blends of Arabica and Robusta. Lavazza family's business exists for 120 years. In 2014 the turnover was 1.344 billion euros (lavazza.us, n.d). Lavazza heavily invests in promotion and advertising from the very beginning of the advertising age. For the promotion Lavazza company employs TV advertising campaigns, celebrity ambassadors, creates Lavazza calendars, supplies sports tournaments also involved in the digital marketing and outdoor advertising (Luigi Lavazza Company, n.d). Company's coffee can be purchased in the various supermarkets and online. The price of Lavazza coffee in The Netherlands is in the range of 10-20 € per kilogram depending on the type of coffee.



Illy is a worldwide known high quality Italian coffee brand. Company's coffee is made from highest quality nine sorts of Arabica beans, purchased straightforwardly from the owners of coffee plantations (illy.com, Coffee, the illy Way, n.d). Illy coffee can be purchased in 140 countries around the world. It also offers coffee beans, ground coffee, coffee pads and espresso machines and Illy liquor (illycaffè spa, 2010). Target customers of the brand are professionals, educated goal oriented people living in urban areas and having passion for coffee, at the age of 25 to 50 years old (Zmuda, 2010) Illy brand promises customers pleasure and all the five senses triggered. Company is involved in various art initiatives and projects. Moreover, it is an official partner of Expo Milano 2015. For its advertising Illy utilise indoor posters at the points of purchase, outdoor advertising campaigns and social media channels such as

YouTube, Facebook, Pinterest, Twitter (Dudovskiy, 2013). Moreover company is involved in mobile advertising, company offers an app for iPhone users Illy global locator for customers to find company's coffee no matter where they are. Illy is among the most sustainable companies in the world. Company's coffee can be found in the supermarkets, at the cafes, restaurants, Espressamente illy coffee bars, museums, airports and companies' offices around the world offering "genuine Italian coffee experience" (illy.com, n.d). The price range of Illy branded coffee in The Netherlands is from 25€ to 32 € per kilogram.



Douwe Egberts (DE) is a Dutch coffee brand which is extremely popular in The Netherlands and holds strong positions on the market. Company started its coffee business more than 250 years ago. DE offers wide range of coffee sorts, namely, coffee beans, ground coffee, coffee capsules and pads, filter and instant flavoured coffee, coffee syrups, dispensers, ice coffee and tea. Moreover it provides customer with excellent service. Company targets people living in the urban areas and currently its main target is the younger people (ycn.org, n.d). The price range of Douwe Egberts coffee is 11€ – 15€ (Jacobs Douwe Egberts Pro, n.d). For the promotion of the brand company uses outdoor, TV and social media advertising, thereby substantially investing in the promotion of the brand.



Albert Heijn Excellent coffee is a brand offered by Albert Heijn supermarket. It is aimed on upper middle class customers. Brand provides quality coffee from around the world. Ah Excellent offers wide range of coffee beans, capsules and pads ground coffee and filter coffee. Brand products are being sold in Albert Heijn chain supermarkets and can be purchased online. One kilogram of AH Excellent coffee in The Netherlands is being sold for around of 14€.

Indirect competitors

Indirect competitors of Gurman's coffee brand are the products having different consistency and going through the different production process.



Nescafé is an instant coffee Swiss brand existing on the market already for 77 years owned by Nestlé. It offers various flavours of coffee capsules, instant coffee, coffee mixes (specialty flavoured coffee in sachets) which are similar to the Gurman's flavoured coffee in terms of variety of flavours and tastes offered, however it cannot be considered as a direct competitor, since the coffee type and positioning of Nescafé instant coffee are different (nescafe.com, n.d). Brand mainly targets youth in the age range between 16-24 years old, namely students, young professional, but also professionals and managers up until 30 years old who are looking for quick solution for the coffee preparation (Galloni, 2001). Nescafé is being distributed mainly through the supermarkets and online store. Company uses social and print media, TV advertising, brand ambassadors, outdoor campaigns, participates in the road shows and is involved in events sponsoring (The Nescafé Team, n.d). The price for Nescafé coffee is in the range of 27 – 47€ per kilogram.

Competitive advantage

Gurman's brand competitive advantage is a unique concept of being naturally flavoured high quality 100% Arabica coffee of premium quality without any preservatives or chemicals, offering wide range of naturally flavoured ground coffee and coffee beans.

4.4 Distribution analysis

Since the company wants not only to sell their product but to establish themselves in the Dutch market for the long term, an entry strategy approach should be taken into consideration. A proper method of exporting, distribution channel is one of the key conditions for success. For instance, for Belarus or Ireland market Kavinuko prekyba sold franchises, for other markets it uses the method of indirect exporting.

With reference to the survey and the customer analysis, more than 37% of survey respondents would like to have an option of tasting the prepared coffee in advance at the point of purchase, House of Taste Gurman's boutique would be an ideal choice to satisfy the need of potential customers. They would be able to enjoy a cup of coffee prepared by baristas and afterwards purchase coffee of the preferred flavour for the home use.

For the purpose of this research there was made an attempt to contact potential distribution points - supermarkets, restaurants and cafes sending surveys created especially for them (see Appendix B), unfortunately an attempt was not successful.

Critically evaluating the situation, it can be assumed, that there is an extremely low chance of any supermarket in The Netherlands easily agreeing to directly sell Gurman's product in their supermarket or a client purchasing franchise of Kavinuko prekyba House of Taste Gurman's boutique since the product is not yet known for the Dutch customer. First of all collaboration with other companies, which have already build-up reputation and clientele would be a wise choice. According to the survey results, bookshop, cafeteria, barber shop, cinemas are the places potential consumers would be willing to purchase Gurman's coffee (see Appendix D).

Furthermore, for the export of only one product it does not make sense to open the company's own marketing and sales office in the country. Company could attempt to sell its franchisee like it has already done with the other markets.

4.5 Opportunities and Threats

♣ Opportunities

1. Growing market and demand for coffee products.
2. Interest in premium quality and organic coffee.
3. Healthy economy, high living standard and purchasing power, populous Randstad area.
4. Free trade of goods and services among the EU countries. Also a member of Eurozone.
5. Dutch people prefer to visit libraries, bookshops, museums, theatres, cinemas, restaurants and jazz bars.
6. Social networks, on-line newspapers and TV are extremely popular and widely accessible
7. Predicted success for coffee hard pods.
8. Coffee is a popular social drink in the offices.
9. Habit of coffee drinking at the supermarkets.

♣ Threats

1. Powerful distributors, few retailers dominate the market.
2. Strong and large competitors.

5. SWOT Analysis & Confrontation Matrix

5.1 SWOT

Internal	<p>Strengths</p> <ol style="list-style-type: none"> 1. Financial health and stability 2. Brand image and reputation on the domestic market 3. Wide assortment of exclusive, high and steady quality natural products 4. Long-term coffee retail, vending, export and franchising experience 5. Socially responsible company 6. Modern packaging technology 7. Well-educated employees 8. Distribution channel relationships 	<p>Weaknesses</p> <ol style="list-style-type: none"> 1. Expensive raw materials, high product price. 2. Limited funds for product advertising 3. Dependent on the supplier. 4. Product is not organic and its packaging is not environmentally friendly. 5. Few connections on the western market.
External	<p>Opportunities</p> <ol style="list-style-type: none"> 1. Growing market and demand for coffee products 2. Interest in premium quality and organic coffee 3. Healthy economy, high living standard and purchasing power, populous Randstad area 4. Free trade of goods and services among the EU countries. Also a member of Eurozone 5. Dutch people prefer to visit libraries, bookshops, museums, theatres, cinemas, restaurants, bars and jazz bars. 6. Social networks, on-line newspapers and TV are extremely popular and widely accessible 7. Predicted success for coffee hard pods 8. Coffee is a popular social drink in the offices. 9. Habit of coffee drinking at the supermarkets 	<p>Threats</p> <ol style="list-style-type: none"> 1. Powerful distributors, few retailers dominate the market 2. Strong and large indirect competitors.

5.2 Confrontation matrix

		Strengths								Weaknesses				
		(S-1) Financial health and stability	(S-2) Brand image and reputation on the domestic market.	(S-3) Wide assortment of exclusive, high and steady quality natural products	(S-4) Long-term coffee retail, vending, export and franchising experience.	(S-5) Socially responsible company	(S-6) Modern packaging technology	(S-7) Well -educated employees	(S-8) Distribution channel relationships	(W-1) Expensive raw materials, high product price	(W-2) Limited funds for product advertising	(W-3) Dependent on the supplier	(W-4) Product is not organic and its packaging is not environmentally friendly.	(W-5) Few connections on western market
Opportunities	(O-1) Growing market and demand for coffee products			++										
	(O-2) Interest in premium quality and organic coffee.											++		
	(O-3) Healthy economy, high living standard and purchasing power, populous Randstad area	++			++									
	(O-4) Free trade of goods and services among the EU countries. Also a member of Eurozone.		++											
	(O-5) Dutch people prefer to visit libraries, bookshops, museums, theatres, cinemas, restaurants and jazz bars										++			
	(O-6) Social networks, online newspapers and TV are extremely popular and widely accessible										++			
	(O-7) Predicted success for coffee hard pods						++							
	(O-8) Coffee is a popular social drink in the offices													
	(O-9) Coffee drinking in the supermarkets													
Threats	(T-1) Powerful distributors, few retailers dominate the market													
	(T-2) Strong competitors											--		

The purpose of the confrontation matrix is to discover good prospects and obstacles for Kavinuko prekyba.

Good prospects

Wide assortment of exclusive, high and steady quality natural products meets the growing market and demand for coffee products.

Financially healthy and stable company with the long-term experience in retail, vending and know-how to run the coffee business, with rich export and franchising experience perfectly fits into the healthy economy of The Netherlands, which welcomes imports. High living standard, populous Randstad area, and high purchasing power of inhabitants offer Kavinuko prekyba the best prospects to prosper.

Good reputation and strong customer relationships on the domestic market and free trade of goods and services among both countries make a perfect company and country match.

The weakness of limited advertising funds could be neutralised by taking the opportunity and being present at the places Dutch people constantly visit, because museums, bookshops, theaters match with the places target customers of the Gurman's brand gather. Moreover, limited funds in advertising could be overcome by using social networks and online TV and newspapers for advertising.

Obstacles

Powerful distributors (supermarkets) in The Netherlands may demand lower prices and affect the revenue of the company, which in addition, is too dependent on the Belgian supplier, what also may harmfully impact Kavinuko prekyba well-being. Company should invest in finding other suppliers and distributors, build good reputation and demand in The Netherlands in order to become strong enough to be able to open House of taste Gurman's coffee boutiques in the long run, in this way becoming less dependent on the Dutch distributors.

Since product is not organic and its packaging is not environmentally friendly, powerful distributors may also exercise their power and ignore Gurman's brand due

to the organic products' needed on the market. It is important to utilize the opportunity of the organic product need on the market and neutralise one of the company's weaknesses that the coffee is not organic.

Furthermore, the competitors in The Netherlands are strong and big, limited advertising budget of Kavinuko prekyba might become an obstacle for the success on the Dutch market. The first thing company should consider, is to improve and invest time and money in the advertising or use other means of product promotion, which do not require significant amounts of money. Problem could be solved by making use of the Dutch society's involvement in social networks and taking into account their preference to attend various events, museums, theatres, libraries, bookshops, cinemas, bars and restaurants. It can be done by promoting the product during events or other venues where potential customer gather. Placing advertisements on the social networks such as Facebook, Google+, Instagram, Youtube and Pinterest, online newspapers and online TV or adding product samples to real luxurious magazines would be also a great way to build customer awareness.

Since on the Dutch market the popularity for hard coffee pods is being predicted, company could take an advantage from this opportunity by introducing its coffee in hard pods.

6. Market Entry Strategies

The purpose of this chapter is to determine which short-term and long-term strategies for the aspects such as target group, distribution; pricing and promotion which should be employed by the Kavinuko prekyba company to export Gurman's coffee from Lithuania to The Netherlands. Strategies suggested taking into account results of the SWOT analysis results of the company, the strengths and weaknesses of its main competitors and product positioning. Firstly, strategies of all the aspects would be aimed on *customer awareness creation* since the product is not yet known for the Dutch market, and secondly, on the *customer base creation*. The Gurman's will attempt to transmit the message of being a premium quality specialty naturally flavoured coffee providing brand. Long-term strategies will help to reinforce the image of Gurman's and attract new customers entering the potential customer niche, while short-term strategies will mainly help building awareness and enhance product sales.

6.1 Target Group

Kavinuko prekyba Gurman's brand primary target market in The Netherlands are upper middle and upper class gourmets having sophisticated taste looking for quality products and uniqueness. They are from 25 to 45 years old, educated people seeking new and prestigious brands. Customers of Gurman's brand are of high income professionals living in the urban area of one of the Randstad region cities in The Netherlands.

6.2 Distribution

Distribution strategy, the channel through which the target customers will be able to access the product is one of the most important things to consider. There are three main distribution strategies that could be used by the company, namely is the intensive, selective and exclusive distribution strategies. Taking into account the niche company is going to target, the potential target customers and the product positioning, the three following strategic options might be considered:

Short-term strategies

→ Exclusive distribution strategy

In order to remain loyal to the brand positioning and keep the unique image and appeal of the potential customers who are choosy and selective, the exclusive distribution strategy might be considered. This distribution strategy allows company to sell their products only for one or two intermediaries. Limited access psychologically suggests customers that the product is special; the idea of exclusivity will be supported by limited distribution.

→ Local partnerships

One of the first goals of the company on the new market is to build brand awareness. Taking into account the weakness of the company – limited funds for advertising this strategy would be a great opportunity to promote the brand in a less costly way. It is always easier to cooperate with someone already experienced in the market and to be able to share the company's already acquired clientele than to start everything from scratch. In order to approach the primary target group of customers (25-45 years old upper middle or upper class gourmets having sophisticated taste looking for the novelty products and uniqueness) it is necessary to cooperate with the companies corresponding to the target group preferences, those who are already a part of their lifestyle. Local partnerships is a mutually beneficial strategy, allowing Kavinuko prekyba to reaching the needed target group easier and complementing the other company's competitive advantage on the market.

Long-term strategy

→ Selective distribution strategy

In the long run if the demand rises, company might consider slightly changing the distribution strategy and adapting the selective distribution which allows being present in more points of purchase thus still remaining faithful to the core positioning and idea of the brand exclusivity.

Offered distributions strategies will likewise help to be different from the competitors whose products are available through many possible channels what makes them less exclusive.

→ Automatic vending

This distribution channel would be unique since no other competitor is involved in vending, while Kavinuko prekyba has much experience with that. In order to avoid departing from the essence of the brand and image vending machines could be of exceptional design and quality and be placed in the venues where potential target customers gather, such as museums and galleries.

Regarding the physical distribution, in order to get in contact with companies for the partnership or other exclusive points of sale, it is advisable to find a suitable *sales representative/agent* that has experience in selling coffee and upper class products and is familiar with consumer goods retail and advertising in The Netherlands. Moreover, an agent has to have knowledge of local language, culture and business communication. Kavinuko prekyba investment will not be high, since agents are less expensive than other means of entry, thus avoiding financial risks and receiving more personal approach for their products. By choosing an agent Kavinuko prekyba still will be able to control pricing and sales promotion. Working through the *trading house* could be also an option. In case of contract with trading house product will receive less attention since companies of such kind have many product export orders, moreover Kavinuko prekyba would have less control over marketing and turnover in case of working with the trading house (Veldman, 2010).

Since the main and the only Gourman's flavoured coffee supplier is Belgian company Coffee Roots, Kavinuko prekyba might consider changing the transportation route. Usually products from Belgium arrive to Lithuania and then are distributed to other countries; it would be more profitable to cut transportation expenses and agree to transport Gurman's coffee from Belgium straight to The Netherlands. In this case secondary packaging should be performed either in Belgium or in The Netherlands.

6.3 Pricing

The questionnaire targeted on the potential customers was asking the question about the price customers would be willing to pay for the kilogram of Gurman's flavoured coffee, the question was made an open question thus many respondents did not reply it in an adequate way, thus it makes it difficult to mention what price competitors are willing to pay.

In comparison, Gurman's company's competitors' coffee prices per kilogram are presented below.

Starbucks	22 – 105 €
Douwe Egberts	11 – 15 €
Lavazza	10 – 20 €
Illy	25 – 32 €
Ah Excellent	14 €
Nescafe	27 – 47 €
Gurman's (Coffee price in Lithuania)	21 – 25 €

Figure 9 Gurman's competitor's prices per kilogram

→ Value-added pricing strategy

Taking into account competitive advantage of the brand, it provides customers with the added value which can be the base for the higher price. Consumer of Gurman's coffee purchases not only high quality and unique flavoured coffee, but also a feeling of belonging to the special community of unique luxurious flavoured coffee lovers. It is important to understand which companies are conquered by Gurman's brand in terms of value proposition, what is going to help with the price setting. The main advantage and the point of parity are the flavours Gurman's brand offers. Starbucks has the flavoured versions of its coffee, but not available in The Netherlands. Lavazza, Illy, are both brands offering indeed premium quality coffee similar to Gurman's, but still different due to the absence of flavours. Douwe Egberts and AH Excellent are in a lower category than Gurman's, so they are not going to be considered

while choosing the price. Nescafe possess flavoured versions of coffee mixes in sachets, however they are not naturally made and are not flavoured coffee, but coffee mixes, what is different category. Illy's brand strategies and positioning is more similar to Gurman's brand's positioning and strategies, though Gurman's has an advantage over the brand with the flavoured coffee offering. Thereby, the price of Gurman's flavoured coffee brand could be higher than the price of Illy coffees, what is 25 – 32 €. Moreover, with the reference to the customer survey, 31.6% potential customers are willing to pay 26 – 30 € per kilogram of Gurman's coffee. In addition, 26.3% are ready to pay 31 - 35€. In conclusion, it is perfectly suitable to set the price of Gurman's coffee in The Netherlands in between of **27 – 33 €** per kilogram.

6.4 Promotion

Promotion is extremely important tool for the customer awareness creation. All the potential direct and indirect Gurman's brand customers use various promotion tools and invest substantially.

Short-term strategies

→ Advertising strategy

Advertisements in luxurious magazines could be a good choice in order to reach the desired customers. This strategy could be successful at the beginning in order to create awareness since in the long run it would be too costly and unnecessary to promote it through this channel.

→ Sales promotion strategy

Exhibition/trade show is likewise a perfect promotion channel for business networking and for the building of ultimate customer awareness. If exhibition is properly chosen, usually it attracts the target audience for the company.

→ Public relations strategy

Product launch/custom event is a quick way to reach potential customers directly and fast. Since the product is being positioned as unique, private product *product-demonstration event* focused on a narrow range of personally invited visitors may

complement the specialty product image and create the awareness among the suitable customer contingent, in addition, afterwards possibly provoking *word-of-mouth advertising* among people suitable to become Gurman's customers since usually people have friends from the same social class as they themselves are. This approach may provoke special interest among people. It is a great way to create the desired awareness among the target customers and augment the customer base. This type of direct promotion will mostly attract potential distributors, but also is a suitable way to attract ultimate customers from the upper classes since usually they attend these kinds of events.

→ Membership programs

According to the survey conducted among potential customers they would enjoy membership programs which possibly remind them of being the unique circle of coffee lovers.

→ Product giveaways

Product "giveaways" is quite costly promotional strategy but effective way to introduce Gurman's brand, push potential customers to try the product and thus create brand awareness. Company may consider using this effective method only after receiving bigger budget for the marketing purposes.

→ Experiential marketing

Company can create an interesting and customers involving marketing campaign to create and boost awareness about the product.

Long term strategy

→ Online promotion strategy

In order to reinforce the desired image of the brand and product, the company has to improve Gurman's brand *website* and update its information more often. For the convenience of customers company should invest into the translation of the website to Dutch language. It should become a rich source of information about the product and the production process. In addition, *social media presence* nowadays is an inseparable part of urban life. Much awareness could be created through social

networks. For the company with the limited advertising budget social media is the number one tool for the awareness creation. Online TV and newspapers might be as well an option.

Kavinuko prekyba is quite large company which controls its sales and marketing even for export markets and provides assistance for franchise owners. Though, the company's marketing department is not big and experienced in Western Europe enough to succeed in The Netherlands. For the foreign trade Kavinuko prekyba will be in need of local Dutch specialists, who know market much better, who has necessary local language skills, good reputation and connections. All in all, I would recommend Kavinuko prekyba outsourcing marketing, sales and service to third parties at least at the beginning. Since the company used to export mainly to Eastern Europe, it is risky to go westward without enough of experience.

7. Export Marketing Mix

7.1 Product

Due to the reason that both countries are the members of the European Union, and are subjected to the European Union' law. If the EU law allows a product to be sold on Lithuanian market it is suitable to be sold on Dutch market either. It makes Gurman's coffee legally acceptable in The Netherlands.



Figure 10 Packages of Gurman's ground

All the products imported to The Netherlands have to correspond to the safety, quality, labelling, environment, packaging and waste standards of the European Union. Main regulations to follow are the General Food Law of the EU, Contaminants in food, Food control, Hygiene of Foodstuffs. Non-legal are the environmental and social requirements such as quality, health and safety standards (Ministry of Foreign Affairs of The Netherlands, n.d). Moreover, to trade food products in The Netherlands the company has to comply with the Commodities Act (answersforbusiness.nl, n.d).

Description of the product and consumption specifications should be present not solely in English, but also in Dutch language since Dutch is an official language of The Netherlands.

According to the survey results, more than 65% of respondents would not change the coffee brand name; presumably they find it suitable for the Dutch market (see Appendix D).

Furthermore, likewise with the reference to the potential customer survey results (see Appendix D), customers would prefer the following Gurman's flavours the most:

- ❖ Hazelnut
- ❖ Chocolate
- ❖ Amaretto
- ❖ Chocolate-cherry
- ❖ Caramel
- ❖ Cappuccino

In order to be even more competitive on the market Gurman's may use its strength of possessing a modern packaging technology and consider introducing coffee hard pods filled with Gurman's flavoured coffee since there are prediction that on the Dutch market coffee hard pods are going to become even more popular than they are now and with the reference to competition analysis, most of the competitors offer coffee hard pods.

Moreover, Gurman's should take into account the Dutch market need of organic products and sustainable packaging and use it as an opportunity.

In addition, according to the potential customers, further diversification of the assortment would be even more beneficial for the brand (see Appendix D).

7.2 Place / Distribution

→ Local partnerships

The American Book centre

As a result of observations in the city of The Hague and customer survey analysis, it can be suggested that cooperation with the The American Book centre might be a nice option for the company. Since it is being visited by customers quite similar to the target customers of Gurman's flavoured coffee brand. Gurman's may offer a bookshop to establish a partnership and become the coffee corner inside the bookshop since at the second floor there is enough of free space not only to sell coffee but also to prepare coffee drinks. Other way of partnership with the bookshop would be the rest of premium quality Gurman's flavoured coffee vending machines. In addition, it is important to mention that the American Book centre also has its branches in other cities of Randstad area.

In addition, local partnerships may be established with Randstad region museums and even supermarkets but offering not to sell Gurman's coffee products but rent the company's coffee vending machines and coffee for them.

→ House of taste Gurman's coffee boutique

Opening the House of Taste Gurman's coffee boutique would be a part of long-term selective distribution strategy. After customer awareness and customer base is created having in mind not only ultimate customers but also potential business



Figure 11 Gurman's House of Taste in Ireland

partners the coffee boutique might be opened. Since Kavinuko prekyba reasonably prefers selling boutique's franchise to the third parties. It would take time for interest in franchise to appear.

The logistics of the marketing process is extremely important part of the marketing mix, since the product should be delivered to the customer in exactly the same state, quality and number as expected without any harm or damage, moreover, products should be delivered on time (Harlaar M. , 2012).

Kavinuko prekyba usually outsources transportation of goods, what is suitable for export as well. Transportation specialist know their job well, company does not require new investments in additional vehicles, drivers or organization of transportation. According to Export a practical guide, outsourcing is cheaper than having own transport (Harlaar M. , 2012). I would suggest Kavinuko prekyba to choose road transport, since it is much faster and more flexible than rail transport, in addition, the price is lower than the one of air cargo and the safety is still high. Since Kavinuko prekyba would outsource logistics to the transportation company, all the paperwork, final packaging, it's marking and other things would be the business of the contractor. The distance between Vilnius and The Hague, for example, is around 1600km, depending on the route taken. To travel from Lithuania to the Netherlands it takes about 18h.

Transport documents such as CMR and AVC have to be filled in case of using road transport. CMR stands for Convention relative contract de transport international de Merchandise par Route (Harlaar M. , 2012).

International Commercial Terms (Incoterms) is another important document presenting conditions of the trade agreement which includes costs, risks and obligations for the seller and the buyer. Both parties have to decide on them in advance (Harlaar M. , 2012).

7.3 Price

Due to many additional expenses, such as transport costs, insurance, promotion and advertising expenses, agent fees and distributor's margins, the price of Gurman's coffee will be higher than in Lithuania. Moreover, the prices of potential competitors' products should be evaluated and the Dutch level of income taken into account.

The price per kilogram of Gurman's flavoured coffee in The Netherlands should be not lower than 21€, since this is the price per kilogram in Lithuania. The price cannot cross the Dutch margin of cheap coffee, also should cover company's export costs. Based on the value-added pricing strategy the price for Gurman's coffee would be between 27 – 33 € per kilogram.

7.4 Promotion/Communication

Membership programs – VIP customer cards depending on the purchase frequency could be offered since the positive reaction about it was received from the potential customers.

Since there is limited marketing budget I would suggest Kavinuko prekyba to make use of social media websites, create their Dutch pages. The second option would be an attempt to ask the company to allocate more money for the advertising purposes and outsource promotion of the product to the local advertising agency ("reclamebureau" in Dutch). Dutch agencies know the market, its tradition, culture and values better. Advertising agency would choose the best ways to appeal to the customers, attract them and provoke to try the product. It is especially inevitable, when the company does not have the experience

Hellosuperheroes based in Amsterdam, or MCR advertising agency in The Hague are only several options out of many possible to find in The Netherlands – a country with a wide number of local and international advertising agencies.

In order to inform potential end consumers about the product and stimulate them to purchase Gurman's flavoured coffee it is inevitable to create a good impression about the product and the company. The right methods of communication and correct advertising channels should be chosen. In general, I would suggest representation, sponsoring and promotion, namely, representation during fairs, sponsoring events. Gallery openings, exhibitions, fashion shows, theatres, jazz bars are the perfect venues to promote a new brand targeting affluent customers by distributing free samples of the product during events. Media like TV commercials in the afternoon is suitable in order to attract attention of representatives the upper middle class and upper class which representatives are already at home. Media advertising using Internet is a perfect channel in order to reach busy, working people, since people working in the office utilise their computers or smart phones extremely often and it is not a secret that almost all of them who work in the office constantly make breaks and check updates and notifications on the social networking websites such as Facebook, Instagram, Youtube, Google+ and Pinterest, etc. Advertising on social networks is relatively cheap method to reach vast amount of people. In addition, advertising at the product presentation events, such as product demonstration and tasting is likewise inevitable and necessary.

Several experiential marketing promotion ideas to boost brand awareness for Gurman's coffee brand are listed below.

→ Bus Shelter coffee samples dispenser

Since at the beginning, brand needs awareness on the new market, an inspiring and impressive experiential marketing campaign could be offered. I believe that is an innovative and effective way also suitable for the promotion of a new product on the market without the need to hire extra personnel. I suggest Gurman's coffee brand to order a campaign from the JCDecaux, which is in an outdoor advertising company, in winter and distribute samples of Gurman's flavoured coffee for inhabitants at the bus shelters. It might be accompanied with the installed coffee smell sprayer, nice classical music or even the heater at the bus shelter resembling quality and warmth of a Gurman's coffee cup. As it can be noticed from the customer analysis, many potential customers would like to taste the coffee



Figure 12 Cosmetic samples

in advance, therefore, the coffee samples can be replaced by the coffee drink cups full of coffee, having in mind installed coffee vending machines at the bus stops this experiential campaign would create instant awareness because people like free things. There might be a special screen which requires entering the code that can be received after beginning to follow the brand's Facebook page for that receiving a cup of coffee. People would definitely post it on social media and tell the friends about.

→ Coffee samples in premium Dutch magazines

Often samples of various cosmetics can be found in magazines. I suggest adding Gurman's gourmet flavoured coffee sample to the Dutch high-end magazines such as Elle Eten, Vogue Nederland, L'Officiel NL, LXXY magazine, so the reader can make a cup of coffee straight away at home and enjoy his favourite magazine with probably soon a cup of favourite coffee. Usually people read magazines when they are having their breaks or leisure time. Potential customer will taste coffee in a good mood or will experience a good mood while reading a nice magazine and drinking warm coffee. Gurman's coffee unconsciously will be connected with nice positive feelings, taking rest and doubtless a good mood. Gurman's coffee will be unconsciously connected to the luxurious feelings the magazine and its pictures provide what will send the right message for the consumer about the exclusiveness of Gurman's brand and will create an emotional connection between the customer and the product.

7.5 People

Dutch people, especially in business, speak English well. However, there are some differences between Dutch and Lithuanian business cultures.

Eye contact is important for business communication in The Netherlands and Lithuania. In this way people demonstrate respect and show their seriousness. Handshakes in both business cultures are acceptable and usual form of greeting each other. There should be an arm's length distance when communicating (businessculture.org, Business communication , n.d). The Netherlands emails are being answered quite fast and the real letter sending through the post is quite popular, while in Lithuania it is vice versa.



Figure 13 LXXY magazine cover

In The Netherlands even on the lowest level employees are being heard and the decision is truly based on *the will of all the parties*, whereas in Lithuania the power distance and hierarchy still exists and decisions are being taken by the authority, employees of higher rank.

A *gift giving* is not common for Dutch business relationships, it is rather not acceptable, and sometimes is seen as bribery, despite the fact that in Lithuania it is a sign of appreciation and is widely used in business (businessculture.org, Business etiquette).

According to the theories of Intercultural Communication, The Netherlands is a *low context culture*. People from the low context culture pay attention to the words spoken (verbal communication), and pay less attention to the context, the behaviour and emotion of other people (non-verbal communication). While Lithuania remains high context culture (Dingemans, 2010).

Representatives of *monochronic* culture like Dutch prefer doing one task per time from the beginning until the end. Time is not as flexible in The Netherlands, as it is in Lithuania – *polychronic* culture; it is not common to extend deadlines (Gerritsen, n.d). Furthermore, punctuality is a must in The Netherlands, sometimes during the business meetings Dutch even appoint a time-keeper. Dutch business people are good at time management and widely use agendas, following strict schedules. In Lithuania time is also valued, but less scrupulously (businessculture.org, Business etiquette).

7.6 Presentation

From the survey results and the customer analysis, it can be seen that the majority of respondents prefer being able to taste Gurman's flavoured coffee before purchasing it (see Appendix D). Exhibitions might be the ideal venue in order to present the product for the potential market.

Fairs, exhibitions and trade shows are one of the best ways to introduce a new product for the foreign market. Having a company stand on the fair is a great way to present products directly for the potential business customers and prospect consumers. Participation is a great way to gather relevant contacts, in this way

building a business network in the foreign country. Some upcoming exhibitions Kavinuko prekyba might consider participating at are listed below:

- Horeca & Food Inspiratie Hardenberg 21-23 September, 2015, Three days for food and beverage industry. Takes place in Hardenberg, The Netherlands.
- Tradeshow Food Specialities 29-30 September, 2015, Two day event in Houten, The Netherlands, which gathers companies producing quality products connected to alimentation.
- Gastronomie takes place on 9-10 November, 2015. Two day event held in Utrecht, The Netherlands. Exhibition focuses on quality food products.
- PLMA World Private Label on 24-25 May, 2016. Two day exhibition. The list of participants includes companies from food & beverage, wellness, health & fitness industries, takes place in Amsterdam, The Netherlands.
- Food Expo, takes place on 9-10 June, 2016 in Amsterdam, The Netherlands. Two day event which targets buyers from retail and food services, stores, presenting them various products from all over the world (10times.com, n.d).

Likewise the agent hired by Kavinuko prekyba in The Netherlands could represent the company to the potential retailers. However, it is more likely that the company's products will reach more potential clients during the exhibitions if the ambassadors from Kavinuko prekyba company would be able to communicate about the product in a more professional and trustworthy way.

8. Financial Data & Projections

Payment for the products is going to be made in Euros, since both The Netherlands and Lithuania are the EU countries and the members of the euro area. Since Kavinuko prekyba does not have any experience with the buyers from The Netherlands, so as the Dutch retailers do not know what to expect from Kavinuko prekyba, for this reason documentary draft *Documents against Acceptance* (D/A) form of payment might be a great option. According to the Export a practical guide, this way allows the importer and the exporter to agree when the buyer can pay for the goods, not necessarily immediately after receiving (Harlaar M. , 2012). *Letter of credit* is also a great form of payment. Buyers bank ensures the seller that the payment will be executed if he will respect all the conditions. In Kavinuko prekyba case I would suggest *irrevocable* letter of credit, since it is less risky and if any changes have to be made, it may be done only on the mutual agreement. This method of payment is extremely safe both for importer and export, though quite expensive (Harlaar M. , 2012). The form of payment should be chosen on the agreement of both parties. Gurman's flavoured coffee will be transported by trucks from Lithuania to The Netherlands by the third party, best conditions offering logistics company. In order to avoid any trouble the insurance should be purchased. Furthermore, a financial plan about possible revenue and profit should be also created, it is necessary to consult with the financial specialist of Kavinuko prekyba. It is important to make financial predictions of probable income and turnover, decide on the export quantities since all of that makes the target of the company less vague, more measurable, specific, realistic and time-related.

9. Recommendations & Conclusions

The purpose of this research was to investigate Kavinuko prekyba company and its potential market – the Netherlands in order to be able to offer suitable strategies for the company's entry to the Dutch market which help to create customer awareness and customer base since the brand is not yet known on the market.

Central question of the research was: What is the best strategy to export Gurman's coffee from Lithuania to the Netherlands?

The financially healthy company should export to The Netherlands with one of the most stable economies in the World because it is a great opportunity to broaden the company's market. The population of The Netherlands is large and the buying power of Dutch people is high that may predict high revenue for the company and allow earning profit after Dutch customers become familiar with the product. Company should definitely profit from free trade of goods and services among the EU countries.

Kavinuko prekyba Gurman's brand should primary target upper middle and upper class gourmets having sophisticated taste looking for quality products and uniqueness. Customers of the age range of 25 – 45 years old, educated people seeking new and prestigious products. Customers of Gurman's brand are of high income professionals living in the urban area of the Randstad region cities in The Netherlands.

Gurman's flavoured coffee is a unique product in comparison to other direct and indirect competitors in The Netherlands by offering naturally flavoured versions of quality coffee for home use. I would recommend Kavinuko prekyba in the Netherlands to solely specialise on flavoured coffee products, what is going to make the brand a unique player in the market focusing on the niche of gourmet specialty flavoured coffee of the premium coffee segment. In this way Gurman's may focus on particular group of people avoiding fierce competition in the broader segment of plain coffee and coffee sold in the supermarkets. Trading solely from several distribution points allows company to remain different in all the aspects. By slowly entering The Netherlands Kavinuko prekyba may fulfil their vision of successfully growing their business in Western Europe in this way expanding their export and enhancing competitiveness on foreign markets and fulfilling their mission of

providing clients with the joy of discovery of different smells and tastes what allows customers to become a real gourmets.

Regarding the best strategy to export Gurman's coffee from Lithuania to the Netherlands, I would recommend Kavinuko prekyba to start with indirect exporting, to export their products with the assistance of the reliable local agent – independent intermediary through joint ventures or trading through vending machines at the places where potential customers gather is a great way to introduce the brand to the new market. After the customers get familiar with the brand and products, and awareness is build, in a long run there is a bigger chance of somebody willing to purchase the franchise of the House of Taste Gurman's coffee boutique.

Gurman's should use the price range from 27 to 33 € based on the value added strategy.

For the promotion of the product it is suggested to separate strategies into the short-term strategies and long-term strategies. The short term strategic options are offered, namely strategies such as, advertising strategy, promotion strategy and public relations strategy. The main long term strategy is online promotion strategy. Strategic actions of those strategies are the following, advertisements in luxurious magazine, exhibition/trade show, product launch/custom event, membership programs, product giveaways and social media advertising. It is important to take into account the cultural differences between Lithuania and The Netherlands while networking. The Netherlands is low-context, monochromic culture where gift-giving in business is not acceptable. Company could represent it product during many fairs and exhibitions taking place in The Netherlands.

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11. Appendices

Appendix A – Questionnaire for the potential Dutch ultimate customers

The sequence of questions visible for the respondent depended on the responses which were chosen for the previous question.

For the potential Gurman's customers (Dutch market)

Thank you a lot for your decision to participate in this anonymous survey! It will take you about 5-7 minutes and your answers will definitely contribute to amelioration of the trade within the EU and the well-being of the company. My name is Sabina Salaikiskaja, I am a last year student at The Hague University of Applied Sciences. For my Final Project I am conducting a research about Lithuanian company's "Kavinuko prekyba" Gurman's coffee brand potential success in The Netherlands and the best entry strategies. I am carrying out this survey to find out whether there is a demand, an interest for the flavoured coffee in The Netherlands and if it could be a success on the Dutch market and which flavours could be the most attractive. The goal of the Final project is to offer the Dutch market an import of Gurman's coffee and to find out the best strategies to perform that. This survey is confidential.

About the company: <http://www.gurmans.lt/ltu/en>

Please enter your information:

Gender

Age

Education level

Occupation

City/Town

1. Do you drink coffee?

Yes

No

2. What coffee brands in The Netherlands do you know?

3. What coffee brand do you consider as a strong brand in the Netherlands?

4. Are you aware of the existence of Gurman's brand coffee?

- Yes
- No

5. Would you like to know a bit more about Gurman's flavoured coffee brand?

- Yes
- No

6. How did you get to know Gurman's coffee brand? (Multiple answers are possible)

- Have seen in the Internet
- Have read in a magazine, newspaper
- TV commercial
- Have heard from friends/acquaintances
- Had a chance to taste
- Buying Gurman's coffee
- Other

Kavinukas LLC is Lithuanian limited liability company, which was established in 1993. Company's main brand Gurman's possesses large assortment of delicately flavoured coffee. Company attempts to make every customer feel like a real gourmet.

- drinking flavoured coffee feels like eating a delicious appetizer;
- no alcohol is used for making this coffee;
- roast coffee beans are “flavoured” with natural liquid syrup;
- flavoured coffee is absolute synthetics-free;
- flavoured coffee is prepared just like usual black coffee.

Website: <http://www.gurmans.lt/ltu/en>

7. Which form of presentation is the most reliable to you in general? (Multiple answers are possible)

- Commercial in the Internet
- Commercial on TV
- Magazines, newspapers
- Brochure
- Lithuanian market analysis on Gurmans's coffee
- Direct presentation with tasting
- Other

8. Which Gurman's brand flavoured coffee would you like to taste? (Multiple answers are possible)

- Rum flavour coffee
- Amaretto flavour coffee
- Brandy flavour coffee
- Chocolate-cherry flavour coffee
- Chocolate-mint flavour coffee
- Chocolate-orange flavour coffee
- Hazelnut flavour coffee
- Chocolate flavour coffee
- Caramel flavour coffee

- Vanilla flavour coffee
- Creme brulee flavour coffee
- Capuccino flavour coffee
- Cinnamon flavour coffee
- Tiramisu flavour coffee
- Sambucca flavour coffee
- Eggnog flavour coffee
- Banana flavour coffee
- Irish cream flavour coffee

9. What characteristics would encourage you to choose these flavours? (many answers possible)

- Naturalness
- Premium quality
- Flavour/Aroma
- Price
- Packaging
- Brand awareness
- Other

10. What would encourage you to consume Gurman's brand coffee? (Multiple answers are possible)

- Lower price
- Discounts
- Commercial games
- More diversified assortment

- Membership programs
- Coffee packaged as a gift
- Other

11. Which Gurman's brand coffee you would buy more often?

- Higher price, but more attractive packaging
- Lower price, but modest packaging
- Other

12. What price per kilogram would you agree to pay for quality Gurman's flavoured coffee?**13. Would you change the brand name to make it more appealing?**

- Yes
- No
- Other

14. If Gurman's coffee brand (coffee assortment) intrigued you, would you like it to appear in The Netherlands/to be able to purchase it?

- Yes
- No
- Other

15. Where would you prefer to purchase Gurman's coffee? (Multiple answers are possible)

- Specialty shop
- Supermarket

- Cafeteria
- Bookshop
- Theatre
- Cinema
- Barber shop
- Hairdressing salon
- Beauty salon
- Shopping mall
- Luxurious shopping mall
- Other

16. How would you prefer to purchase it?

- Like grounded coffee/coffee beans
- Prepared/brewed coffee drink
- Like grounded coffee/coffee beans for the use at home with the ability to also taste it in advance at the point of purchase
- Other

17. Thank you for your time and attention! I appreciate that!

- You are welcome!
- No problem!

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Appendix B – Questionnaire for the potential Dutch business-to-business customers

The sequence of questions visible for the respondent depended on the responses which were chosen for the previous question.

For the potential Gurman's customers (supermarkets)

Thank you a lot for your decision to participate in this anonymous survey! It will take you about 5-7 minutes and your answers will definitely contribute to amelioration of the trade within the EU and the well-being of the company. My name is Sabina Salaikiskaja, I am a last year student at The Hague University of Applied Sciences. For my Final Project I am conducting a research about Lithuanian company's "Kavinuko prekyba" Gurman's coffee brand potential success in The Netherlands and the best entry strategies. I am carrying out this survey to find out whether there is a demand, an interest for the flavoured coffee in The Netherlands and if it could be a success on the Dutch market and which flavours could be the most attractive. The goal of the Final project is to offer the Dutch market an import of Gurman's coffee and to find out the best strategies to perform that. This survey is confidential.

About the company: <http://www.gurmans.lt/ltu/en>

Please enter your information:

Company type
(supermarket chain,
supermarket)

1. Are you aware of the existence of Gurman's brand coffee?

- Yes
- No

2. Would you like to know a bit more about Gurman's flavoured coffee brand?

- Yes
- No

3. How did you get to know Gurman's coffee brand? (Multiple answers are possible)

- Have seen in the Internet
- Have read in a magazine, newspaper
- TV commercial
- Have heard from friends/acquaintances
- Had a chance to taste
- Gurman's coffee is being sold in my supermarket
- Other

Kavinukas LLC is Lithuanian limited liability company, which was established in 1993. Company's main brand Gurman's possesses large assortment of delicately flavoured coffee. Company attempts to make every customer feel like a real gourmet.

- drinking flavoured coffee feels like eating a delicious appetizer;
- no alcohol is used for making this coffee;
- roast coffee beans are "flavoured" with natural liquid syrup;
- flavoured coffee is absolute synthetics-free;
- flavoured coffee is prepared just like usual black coffee.

Website:

<http://www.gurmans.lt/ltu/en>

4. Which form of presentation is the most reliable to you in general? (Multiple answers are possible)

- Commercial in the Internet
- Commercial on TV
- Magazines, newspapers
- Brochure
- Lithuanian market analysis on Gurmans's coffee
- Direct presentation with tasting
- Other

5. Which Gurman's brand flavoured coffee would you sell in your supermarket? (Multiple answers are possible)

- Rum flavour coffee
- Amaretto flavour coffee
- Brandy flavour coffee
- Chocolate-cherry flavour coffee
- Chocolate-mint flavour coffee
- Chocolate-orange flavour coffee
- Hazelnut flavour coffee
- Chocolate flavour coffee
- Caramel flavour coffee
- Vanilla flavour coffee
- Creme brulee flavour coffee
- Capuccino flavour coffee
- Cinnamon flavour coffee
- Tiramisu flavour coffee
- Sambucca flavour coffee
- Eggnog flavour coffee
- Banana flavour coffee
- Irish cream flavour coffee

6. What characteristics would encourage you to choose these flavours for selling in your supermarket? (Multiple answers are possible)

- Price
- Quality

- Flavour/Aroma
- Brand awareness
- Packaging
- Naturalness
- Other

7. What part of the coffee sales does the Gurman's brand could take in your supermarket?

- 100%
- 70%
- 50%
- 30%
- 10%
- Other

8. What in your opinion would help to increase sales of Gurman's brand coffee? (Multiple answers are possible)

- Lower price
- Discounts
- Games
- More diversified assortment
- Bigger packaging size
- Coffee packaged as a gift
- Other

9. In your opinion, which Gurman's brand coffee positioning way your customers would appreciate the most?

- Higher price, but more attractive packaging

- Simple packaging, but lower price
- Other

10. If Gurman's coffee brand (coffee assortment) intrigued you, feel free to leave your contact details and you will be invited to the presentation of my Final project including the Gurman's brand coffee presentation-degustation which will take place at The Hague University of Applied Sciences.

Continue

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Appendix C – Interview in the original Lithuanian language

I have used the answers mainly for the internal analysis of the company. The marketing director provided me with information that was not available on the company's website or Internet.

Štai mano klausimai Jums. Būsiu dėkinga, jeigu atsakysite, ką galite. Dėkoju už Jūsų laiką ir pagalbą. Taip pat pasižadu, jog informacija išliks konfidenciali. Jeigu įmonė reikalauja to, savo darbo tituliname puslapyje galiu uždėti priedą "konfidencialu", tuomet pašalinams asmenims darbas nebus pasiekiamas.

*Užduodami klausimai, į kuriuos atsakymų nepavyko rasti prekės ženklo internetinėje svetainėje. **Atsakymus galite rašyti iš karto po klausimais.** 😊*

1. Keliais sakiniais minimaliai aprašykite įmonę, gaminančią Gurman's prekės ženklui skirtą kavą Belgijoje? (pavadinimą ir pagrindinę informaciją) Įmonė vadinasi Coffee Roots, tai kavos skrudinimo įmonė, gaminanti aukščiausios kokybės aromatizuota kava.
2. Kavinuko prekyba ar Belgijos gamintojas perka kavos pupeles iš trečiųjų šalių? Perka belgai.
3. Ar galima pasakyti jog žaliava (pupelės/kava) skirta gaminti Gurman's prekės ženklo kavai yra brangi? Taip, tai aukščiausios kokybės Arabica pupeles.
4. Ar Belgijoje esanti įmonė apdirba pupeles, sumala ir supakuoja kavą pagal Gurman's užsakymą/receptūrą ir tuomet galutinai paruoštas produktas keliauja į Lietuvą bei kitas šalis, prekiaujančias Gurman's kava? Ar tik į Lietuvą, o iš Lietuvos kava yra paskirstoma ir kitų šalių Gurman's prekiautojams? Keliauja į Lietuvą, iš Lietuvos mes patys eksportuojame

5. Ar Gurman's kavos gaminimo receptūra yra unikali ir ar ji yra įmonės "Kavinuko prekyba" nuosavybė? Espresso kavaos pupelių misiniu - unikali, aromatizuotu – standartine.
6. Dėl kokių priežasčių Gurman's kava gaminama ne Lietuvoje, o būtent Belgijoje?
Kadangi Belgijoje gaminama unikalia technologija aromatizuojama kava, tokio lygio aromatinės kavos daugiau Europoje nėra.
7. Ar Belgijoje esanti įmonė gaminanti Gurman's kavą turi galios, pavyzdžiui ženkliai padidinti kainas ar įvesti sau palankesnes sąlygas, ar tokiu atveju Kavinuko prekyba yra "stipresnė" ir galėtų tiesiog pakeisti gamintoją kitu?
Tiekiamos kavos kainos keičiasi pagal kavos pupelių birzos tendencijas; kainos visada yra derybų objektas tarp gamintojo ir perkančiosios imones. Mums pakeisti būtų gana keblu, kadangi Europoje nėra alternatyvu pagal aromatiniu kavu kokybę dėl unikalios mūsų partnerių technologijos.
8. Ar Gurmans kavą gaminanti įmonė naudoja kažkokią specialią/išskirtinę technologiją produkto ir/ar pakuotės gamybai? Taip, tai ju inžinieriu sukurtas kavos aromatavimo įrenginys.
9. Remiantis Jūsų žiniomis ar gamintojai turėtų galimybę padidinti pagaminamos Gurman's kavos apimtį, jeigu atėity būtų vykdomas eksportas į Nyderlandus? Mūsų gamintojai neužsiima mažmenine prekyba, jie parduoda didmenininkams su norimu prekes ženklu.
10. Ar šis tiekėjas/gamintojas yra vienintelis Gurman's prekės ženklo kavos tiekėjas? Jeigu ne, išvardinkite kitus. Dar yra gamintojas Svedijoje Lindvalls Kaffe AG, tiekia malta nearomatizuojama kava
11. Kokiais būdais (transportu) gabenate kavą iš Belgijos į Lietuvą ir iš Lietuvos į kitas šalis, prekiaujančias Gurmans prekės ženklo kava? Ar transportavimui naudojate kitos įmonės paslaugas, jei taip, darbo tikslumui būtų naudinga sužinoti, kurios įmonės konkrečiai.
Gabename sunkvežimiais, t.y. samdome pervežimo imones. Vienos imones paslaugu neužsisakome, perkame paslaugas kaskart is tu, kurie tuo metu pasiulo geriausias salygas.
12. Ar Kavinuko prekyba nuomojasi ar turi nuosavus sandėlius kavai laikyti prieš jai patenkant į parduotuves/ prieš eksportuojant? Turi nuosavus.
13. Kas yra pagrindiniai įmonės partneriai prisidedantys prie galutinio produkto patekimą pas vartotoją? Tai mūsų viso kolektyvo darbas – marketingo skyrius kuria pakuotes, gamyba fasuoja gauta žaliava, sandėlys sandėliuoja, logistika rūpinasi transportu, komercija derasi su prekybos tinklais.
14. Kaip vertinate Jūsų įmonės darbuotojų užsienio kalbų mokėjimo lygį, kvalifikaciją, išsilavinimą? Kvalifikacija, išsilavinimas atitinka pareigų aprašymus, užsieniu kalbu mokėjimas – tu, kuriems tai reikia darbe – geras.
15. Kokiais pagrindiniais aspektais (pats produktas, gamyba, pakuotė/bei jos gamyba, rinkodara, pridėtinė vertė?) Jūsų nuomone Gurmans kava skiriasi nuo kitų rinkoje siūlomų kavų? Skiriasi brandas ir neturime konkurentu aromatinės kavos kokybėje.
16. Ar eksportuojate tik parduodami frančizę ar taip pat ir kitais būdais, jeigu taip, kokiais? Ne tik. Kitiems partneriams parduodame produktus už sutartą kainą.
17. Kokia šalis užima didžiausią Gurman's kavos eksporto dalį? Estija.

18. Ar įmonė "Kavinuko prekyba" socialiai atsakinga įmonė? Taip.
Galbūt ji remia visuomenės organizacijas ar kitaip dalyvauja visuomenės veikloje
Mes teikiame labdara produktais
Ar Gurman's kavos pakuotė, pati kava yra ekologiška? Ne.
19. Ar eksportuojama Gurman's kava išlieka pažymėta tuo pačiu prekės ženklu visose šalyse ar prekės ženklas adaptuojamas prie tos šalies kultūros? Tuo pačiu ženklu.
20. Kokiais būdais daugiausia Gurman's prekės ženklo kava reklamuojama? Prekybos centruose, TV, internetas, parodos, kt.? Visais išvardintais.
21. Ar įmonė Kavinuko prekyba naudojasi Europos Sąjungos lėšomis savo verslo vystymui? Planuoja ta daryti.
22. Galbūt žinote, ar įmonė, Gurmans prekės ženklas turi tarptautinių ar valstybinių kokybės sertifikatų? (tai žinoti bus naudinga norint išskirti stipriąsias įmonės puses) -
23. Trumpai pakomentuokite kaip vertinate įmonės finansinę padėtį. Euro ivedimas turėjo neigiamu padariniu prekybai Lietuvoje, šiuo metu ruosiamas prekybos augimui.
24. Jūsų nuomone, ar pakankamai finansuojamas įmonės rinkodaros skyrius ar pakankamai skiriama dėmesio Gurman's prekės ženklo kavos reklamai? Dabartiniu metu – ne.

Nuoširdžiai dėkoju, labai pagelbėjote!

Labai lauksiu atsakymų! ☺ Gražių likusių vasaros dienų.

Pagarbiai

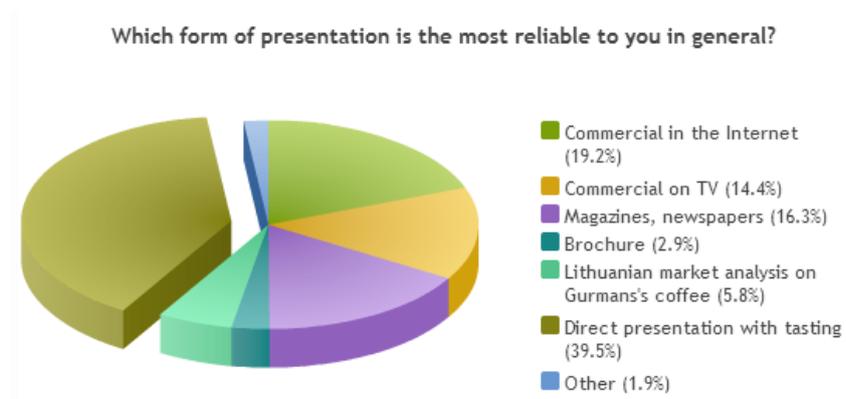
Sabina Šalaikiskaja

Appendix D – Diagrams of the survey results

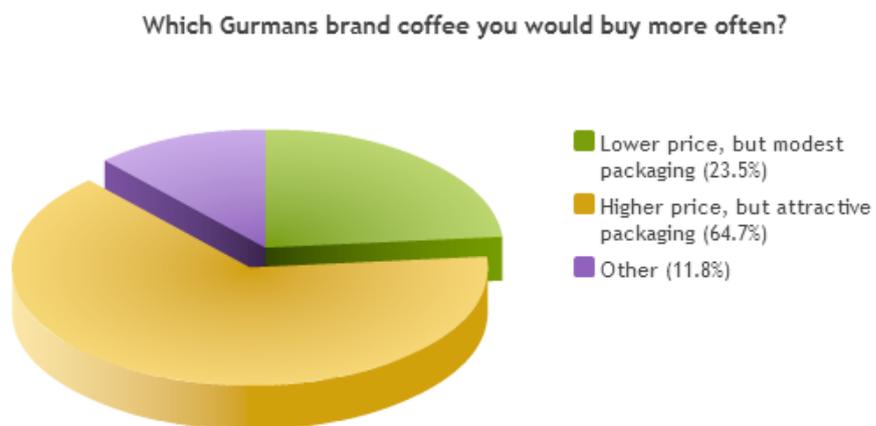
1. Preferred distribution place



2. Preferred presentation form



3. Price and packaging ratio



4. Preferred flavours

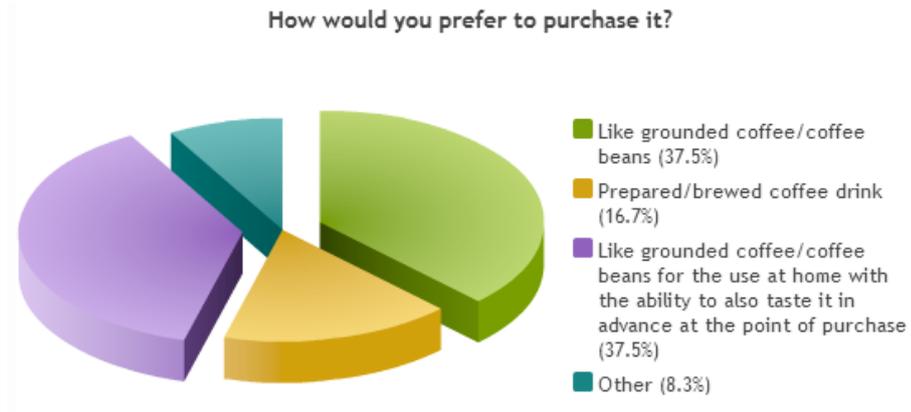


5. Product characteristic that would encourage consumption of particular flavours

What characteristics would encourage you to choose these flavours?

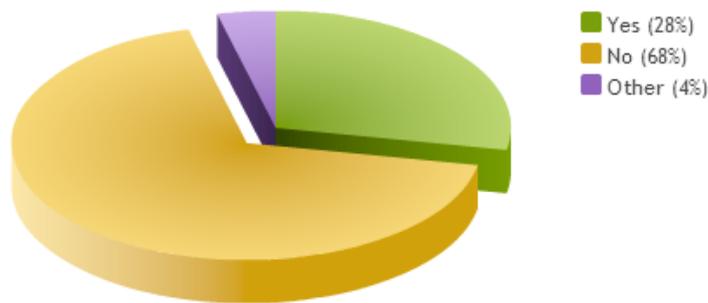


6. The preferred form of purchase



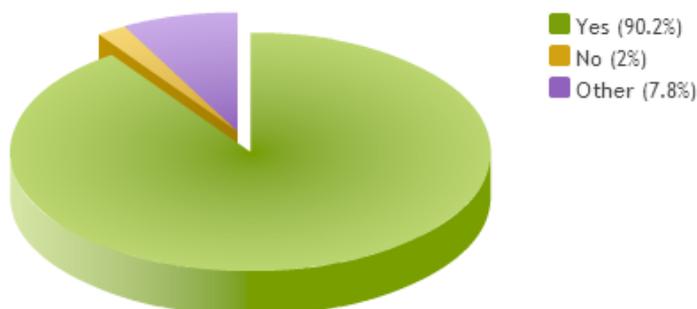
7. Opinion regarding the brand name

Would you change the brand name to make it more appealing?

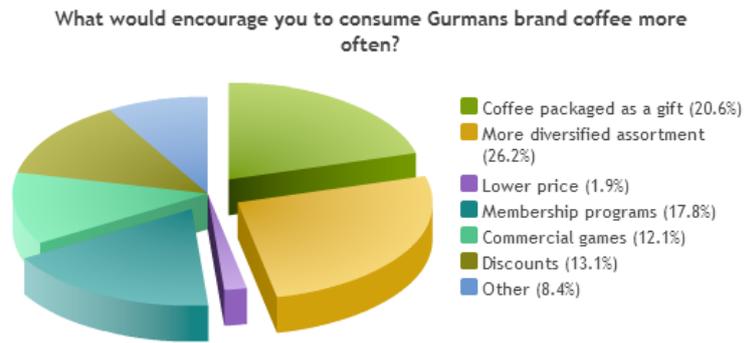


8. Interest of respondents in the brand future in The Netherlands

If Gurmans coffee brand (coffee assortment) intrigued you, would you like it to appear in The Netherlands/to be able to purchase it?



9. Stimulus to consume Gurman’s brand flavoured coffee more often



Appendix E – Consumer profile

Linda van der Woodsen (Hypothetical ultimate customer)

Demographics

Age: 28 years old

Gender: woman

Level of education: university degree

Occupation: advertising professional of an advertising agency

Economic status: upper middle class

Location: Amsterdam

Psychographics

Personality type: goal oriented, successful, good looking, sophisticated taste, gourmet.

Interests: education, travelling, attending museums, galleries, fashion shows, exhibitions, bookshops, product and book presentations, restaurants. Linda is interested in literature, gourmet food, shopping, and luxury magazines.

Values: originality, pleasure, prestige, esteem, self-respect, social recognition, belonging, dominance, dignity, elegance, excellence, wealth, quality, uniqueness.

Lifestyle: busy, urban area lifestyle, trendy, healthy lifestyle.

Behaviour

Likes: Linda prefers to shop on the main streets of the city, at the shopping malls, specialty shops, boutiques and high-end supermarkets. Since Linda is a busy woman, she is a heavy coffee user. She drinks coffee in the morning at home, at work during the lunch break and when meeting her colleagues or girlfriends.

Benefits sought: seeks quality and originality, pleasant taste, uniqueness, naturalness, diverse assortment.

Loyalty: brand loyal.

Geography

Lives in city centre of the capital of the country.



