

➤ Marketing mix

The marketing mix refers to the set of actions, or tactics, that a company uses to promote its brand or product in the market. The marketing tools that make up a typical marketing mix are: price, product, promotion and place. However, nowadays, the marketing mix increasingly includes several other tools like physical distribution and people as vital mix elements (The Economic Times, 2015).

3. Internal Analysis

This chapter provides the company description of De Verse Maaltijd. Internal aspects such as history, mission and vision, organizational structure and labels are discussed in this chapter.

3.1 Company description

‘De Verse Maaltijd’ is a leading company of different food concepts. The company is specialized in the preparation of fresh and healthy meals for different target groups. De Verse Maaltijd is offering the most suitable and customized service to childcare organisations, health facilities and independent people who are living alone. For a nice party at home or a big event, de Verse Maaltijd is also offering freshly made meals. (De Verse Maaltijd, 2016).

In 2005 De Verse Maaltijd started the concept Lekker en Vers , who provide healthy lunch boxes for kids during their lunch break. The goal of ‘De Verse Maaltijd’ was encouraging a healthy lifestyle for kids by offering delicious and healthy lunches packaged in a way similar to a happy meal. The company worked together with many different professional partners to raise awareness about the subjects of food, physical activity and health for children and parents. For two years they have been providing lunch for many children. In 2007 Peter Veldhuizen came into contact with childcare for the first time, through Lunch4Kids. During an informal conversation about lunchboxes at day-care centre Kinderdagpaleis La Luna, Peter was posed the question if he could also provide warm meals. Of course his answer was positive. In short, Lunch4Kids jointly started developing the right meals and equipment for an easy and good offer of the concept in any location. Through step-by-step growth the company learned about all different kinds of things that could happen in practice and now they have grown into a highly experienced and professional organisation. Since the start of Lekker en Vers in 2008 their main growth is the result of word of mouth of their satisfied customers. Nowadays, De Verse Maaltijd provides chilled meals in over 250 locations in The Netherlands and in Belgium (Lekker en Vers, 2013) (De Verse Maaltijd, 2016).

3.1.1 Concept DinnerFresh

DinnerFresh is a new concept of De Verse Maaltijd. The purpose of this service is to deliver fresh meals to students for a reasonable price. The busy life of students is comparable to the busy working life of parents with children. The idea of De Verse Maaltijd is making life easy and makes use of a fresh food service. If you as a student know that you have soccer training twice a week and do not have time for cooking, you can easily order fresh meals that will be delivered to your home. Because De Verse Maaltijd is already exporting their childcare concept to Belgium, the choice was made to do research to export the student delivery service in another European country. The company choose Germany. However, as the company is not yet active in Germany, the German

market presents an opportunity for DinnerFresh. It is a country with a lot of students, possibilities for start-ups and there are successful stories about other delivery companies, like Lieferando.de and Delivery Hero. (Lekker en Vers, 2013) (De Verse Maaltijd, 2016) (Reuters, 2016). If exporting this new concept to Germany is a success, many other countries will follow and it will expand internationally.

3.1.2 Mission & Vision

The idea behind the company's work is to provide every person in school, day-care, health organization, etc. with a good and fresh meal they can enjoy. Eating is an essential part of every life. This certainly applies to all healthy people. Healthy feeding has a positive influence on the behaviour and development of a person. De Verse Maaltijd also strongly supports the fact that for example children in day-care and elderly in health organizations should eat together. Eating is a social experience that is important for everyone (De Verse Maaltijd, 2016).

A) The 6 values of De Verse Maaltijd

- **Fresh and healthy**
The meals are prepared using fresh products, which are purchased from regional suppliers.
- **Flavour and quality**
By the immediate cooling and airtight packaging of the food after preparation, the quality of the meals, as well as the vitamins, minerals and flavour of freshly prepared products are well preserved.
- **Wishes are the centre of attention**
De Verse Maaltijd feels it is important that every customer can enjoy a meal. That is why not only the taste and quality is important to them, but also the freedom of choice, specific needs and requirements.
- **Non-binding tasting**
De Verse Maaltijd always communicate honest and open about the products, procedures and services. By an informal offer, customers can make a choice on the basis of all-important information. For example, name and place of the location, amount of people and dietary meals or allergies.
- **Easy and simple**
Ordering meals can be easily done through the website. Customers can make an order and fill in their contact details. The customer service will take care of the rest.
- **Best quality/price ratio (De Verse Maaltijd, 2016)**

B) Customized service

Customized service means that De Verse Maaltijd will start by looking for the best possible

solution for a location. Because every location is unique, De Verse Maaltijd always prefers exploring the location themselves. The customers' wishes together with the practical capabilities of the location form the basis for the flexible interpretation of the services. The service is very flexible and provides a lot of opportunities for big and small locations.

The advantages:

- Personal advice and guidance from the start;
- Organisation of informal tastings;
- Facilitate professional equipment during a possible pilot phase;
- Making an appropriate menu proposal for the location;
- Easy and quick ordering through the unique ordering system;
- Joint consultation and assessment of the portion size;
- Advice and guidance by a nutritional scientist (De Verse Maaltijd, 2016)

C) Quality

It is, of course of utmost importance that the healthy meals for schools, child-care and health organizations meet the highest quality requirements. The meals are made in accordance with the HACCP¹ and BRC² quality rules. That means that the entire production chain through to the delivery of the meals is a closed path. This enables De Verse Maaltijd to ensure the best quality of food every time. In order to always offer the best quality; their partner is both HACCP and BRC certified as well. In addition to these quality marks, the organic and halal ranges meet all the legal requirements. In this way, customers are always ensured of the best quality. Below are all the certificates, which meet the range and the processes (De Verse Maaltijd, 2016).

Figure 2: Certificates of De Verse Maaltijd (De Verse Maaltijd, 2016)



D) The price

The fresh hot meals contain a lot of vitamins, minerals and fibre. De Verse Maaltijd thinks it is not only important that you can present a healthy meal on the table, but also that this can be done for a

¹ Hazard Analysis Critical Control points

² British Retail Consortium, inspection tool which includes requirements that suppliers must comply

reasonable price.

The exact price of a meal per person depends on a number of factors:

- The choice of the menu;
- The number of people;
- The age of people. The amount of food varies by age;

The final exact price per meal per person depends on the situation and needs.

E) Sustainability

Corporate social responsibility is an important part of the daily operations of the company. De Verse Maaltijd ensures that the daily work harms the environment as little as possible. A partner, the Rabobank won a prize for corporate social responsibility. Some key points relating to the sustainable way of working are:

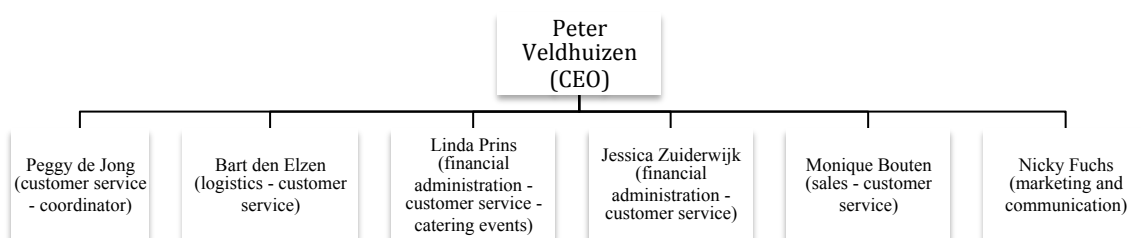
- Working with local suppliers as much as possible;
- Only use free-range eggs;
- Only use animal-friendly produced meat;
- Only use fish from sustainable fisheries;
- Private refuse sorting system;
- Environmentally friendly packaging of drinks;
- Steam machine to warm up own water supply

By taking own corporate social responsibility and that of the suppliers, De Verse Maaltijd can ensure that not only this generation but also the future generations can continue to enjoy their lives (De Verse Maaltijd, 2016).

3.1.3 Organizational structure

The headquarters of DinnerFresh, which is also the headquarters for the parent company De Verse Maaltijd, is located in Rijswijk, the Netherlands. De Verse Maaltijd can be defined as a flat organization because of the organizational structure with just one level of middle management between the CEO, Peter Veldhuizen, and his staff. Below the organization chart of the company is shown.

Figure 3: Organization chart (De Verse Maaltijd, 2016) (Lekker en Vers, 2013)



3.1.4 Labels

DinnerFresh is part of De Verse Maaltijd, a collective of various labels through which they provide delicious fresh meals for different target groups. De Verse Maaltijd consists of several sub labels. Each sub label is focused on a certain target group. For example: De Verse Maaltijd also provide meals at home with their label Lekker en Vers at Home. Parents order meals through the website, let the meals be delivered at the childcare location and they take the meals home. In this way the whole family can enjoy a fast and healthy evening dinner; the ideal solution for working parents (De Verse Maaltijd, 2016).

Overall, the sub labels of De Verse Maaltijd can be divided into the following categories:

- Maaltijd Discounter: catering for any occasion; food service industry, associations, business world and citizens;
- De Zorg Maaltijd: fresh meals for communities and health facilities;
- Lekker en Vers: fresh meals for childcare organisations
- Lekker en Vers at Home /Voor Thuis: fresh meals for families delivered at childcare;
- Fresh at Home/Vers voor Thuis: fresh meals for senior individuals;
- DinnerFresh: fresh meals for students

3.1.5 Product range description

De Verse Maaltijd offers a wide product range, from meals with meat and fish to vegetarian meals. The use of biological products is a growing priority for the society. In March 2016 the Food Centre presented the new Food Pyramid (Schijf van Vijf); the most important message is less meat and more vegetables. It is not only better for the environment and for animals, but also for our own health. Regarding these new developments with both vegetarian and biological products, De Verse Maaltijd take a critical look at the product range. In addition to the regular offerings, the company also offers plenty of choice of organic food and vegetarian dishes. From January 2017 the company will start with a completely new range of organic vegetarian cuisine with a contemporary twist. Below are a few examples of the regular product range and the new range with biological and vegetarian products.

Examples of the regular product range:

- Spaghetti Bolognese;
- Chicken masala;
- Potato stew with kale and sausage;
- Poached pang fillet with butter beans and mashed potato

Examples of the new contemporary, organic vegetarian product range:

- Vegetable tagine with orange and couscous;

- Stew sweet potato with coconut, lentils and quinoa;
- Mashed sweet potato with parsnip;
- Wholegrain couscous, vegetable tagine with chickpeas and raisins

3.2 Market Description

This paragraph provides a market description for De Verse Maaltijd. The market description consists of the following elements: trend analysis, brand positioning, the Abell model and the target group in the Netherlands.

3.2.1 Trend analysis

Growth in online shopping has finally reached the food retail channel and is impacting on both retailers and processors. The introduction of click-and-collect (order products online and pick these up in a store, at a store or at a free-standing location) and home delivery services has played a huge role in the success of the online food retail. Large consumer markets are leading this growth, and as it continues, Rabobank expects some food retailers, especially those with larger or out-of-town locations, will need to reduce their square footage. As a result, securing share of screen will become more important than ever for food processors (Roeg, 2014).

Since 2008, the Dutch food industry has had some difficult years due to a tempered economic situation. According to Rabobank, 2016 is a challenging period for the food industry. Eateries, like restaurants, lunchrooms and cafeterias find themselves in dynamic market circumstances. Rabobank expects that demand will increase by 2% in 2016 because of economic upturn and the improved consumer confidence, but that is no reason for exuberance. The consumer remains critical of his expenses and he is more and more led by offers and the newest trends. At the same time, there is a move of demand towards other, mostly foreign branch providers. Consumers are cooking less themselves and they buy more and more ready meals, that need to be fresh, healthy and tasty, obviously. Because of this, the number of online home delivery services and suppliers of ready meal boxes is increasing tremendously (Rabobank, 2016). Two important trends in this market are:

- Increasing impact of the Internet. Rise of online reservations/ordering and delivery. Review sites and social media give customers a better insight in price, quality, atmosphere and experience;
- The consumer wants to lead a healthier life and is more conscious of the 'CO2-footprint' that he leaves; increasing interest for healthy and sustainable produced food.

A big opportunity in this market is the increasing laziness of the consumer (ready-to-eat meals and home delivery services). The number of take-away meals and delivery restaurants has increased

greatly over the past few years. According to figures from Datlinq, that records details on providers of food and drink, The Netherlands already has more than 2300 providers. That is 14% more than in 2015 and 87% more than in 2010. Furthermore, the phenomenon of delivering food is increasing enormously. In 2015, the take-away and delivery turnover grew by 8% to 1.13 billion euro. During the coming years, that market will increase to a minimum of four billion euro in 2025. This will not only concern take-away and delivery services of retailers (450 billion Euro) but also thousands of small take-away and delivery services from foodservice segments (pizza couriers, tafeltje-dek-je, Thuisbezorgd.nl, frozen meals etc.) (Rabobank, 2106).

3.2.2 Brand Positioning

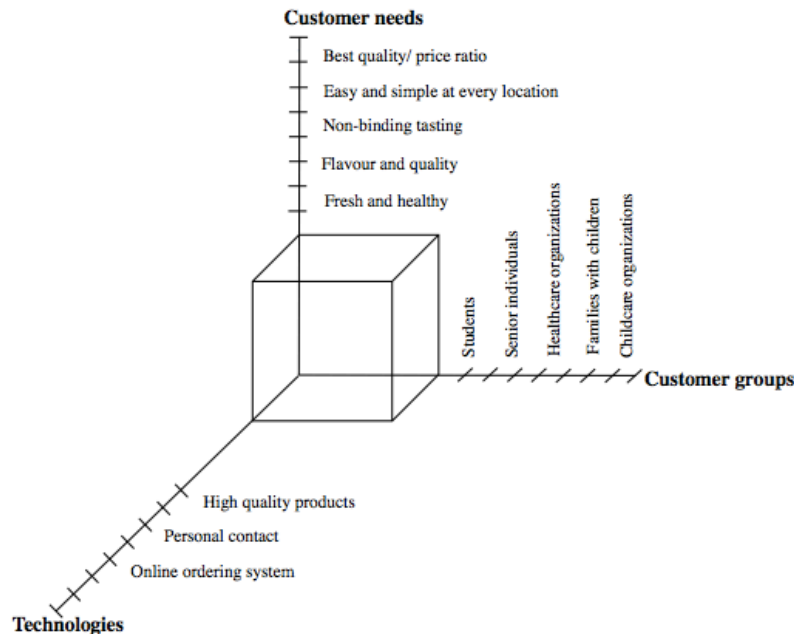
According to Keller, brand positioning is ‘the act of designing the company’s offer and image so that it occupies a distinct and valued place in the target customer’s mind’. The distinctiveness is the product of benchmark against competitors or customers’ point of reference. Positioning does not necessarily create distinct characteristics, because of different competitive strategies applied by companies (Keller, 2013).

De Verse Maaltijd differentiates itself based on its various business labels. The company offers food delivery services to for example childcare organizations, healthcare organizations and students. Moreover, the food is produced and served in an ecological and sustainable manner. In order to make the wishes of the customers the key of attention, the company has a customized service. The services offer a wide range of products, meals and special menus. With the new concept DinnerFresh, price will be a point of difference between them and their competitors. The ready to eat meals will not cost more than €8 - €10, including delivery costs. In comparison with other food delivery services in Germany it is not that expensive. Other companies are asking regularly delivery costs and optional a tip for the delivery person. It can be concluded that the brand differentiates itself based on the various business labels, unique service, wide product range and a reasonable price. The company will try to be a unique and premium brand with DinnerFresh in Germany. The customized service, the price, the delivery, the wide choice of meals and the ecological way of producing is the evidence.

3.2.3 Abell Model

Figure 4 represents the Abell Model for De Verse Maaltijd. The three dimensions customer needs, customer groups and technologies are shown in the figure.

Figure 4: Abell Model for De Verse Maaltijd



Customer groups – ‘Who are the customers of the organization?’

De Verse Maaltijd has the strategy to not just focus on one customer group. The companies target group refers to a diverse range of customers. Since the brand sells a variety of services for all types of customers, the target audience can be divided into five categories:

- Childcare organizations;
- Families with children;
- Healthcare organizations;
- Senior individuals;
- Students

Customer needs – ‘How can the organization meet its customer need?’

The online shopping revolution of the past 15 years has finally reached the point where it is starting to impact on food retailing and as a result, food processing. The introduction of home delivery services has played a huge role in the success of online food retail (Roeg, 2014). For childcare organizations, families, healthcare organizations, senior individuals and students, the delivery service of De Verse Maaltijd is an ideal solution. Home delivery services are all about practicality and they are an easy and simple concept. Customers have various reasons to make use of a home delivery service. For instance, keywords such as ‘non-binding tasting’ and ‘best quality/price ratio’ appear a lot in the home delivery services nowadays. Additionally, making use of a delivery service might be an easy and simple concept for various customers. De Verse Maaltijd is fulfilling these needs by selling their delivery services that represent quality and a good

price at the same time. The assortment of De Verse Maaltijd is offered in different menu's; regular, biological, vegetarian, halal and special diets for allergies. By considering these elements, De Verse Maaltijd is also able to fulfil the individual needs of every customer (De Verse Maaltijd, 2016).

Other aspects of possible customer needs refer to the flavour and quality of the meals and another important point is that the meals are fresh and healthy. According to De Verse Maaltijd, their meals are made with the highest quality and care. Therefore, providing the right quality meals that are fresh and healthy is important for a delivery service. De Verse Maaltijd offers a special menu cycle to help their customers finding the right choice.

Technologies – 'What techniques does the organization use to meet the customer needs?'

De Verse Maaltijd is aware of the fact that it is important to know in what way they can respond to the needs of their target groups. Since the Internet has been popular for a long time, De Verse Maaltijd has a strong focus on the online delivery service on the website. Creating a personal account is done very easily and if a customer needs help, De Verse Maaltijd take care of good customer service that can help the customer, using personal contact.

3.2.4 Target group in the Netherlands

The Abell Model that is shown in figure 4 mentioned the variety of the customer groups. The potential target group for DinnerFresh in the Netherlands are the students between the age of 18 – 25 years old. According to research in the Netherlands, it depends on the level of university whether the percentage of students increased or decreased. At HBO level the number of enrolled students has decreased in 2015 compared to 2014. There are about 445.000 students at HBO level. The decline occurred in all sectors except technology, healthcare and agriculture. At WO University level the number of enrolled students increased to 259.400 in 2015. Almost all the study sectors, except society, language, culture and education sector, show an increase (Onderwijs in cijfers, 2015) (Onderwijs in cijfers, 2015). Figure 5 shows the number of students ranked in a top 10 student cities list. The Netherlands can be seen as a useful test country for the new concept DinnerFresh due to the amount of students.

Figure 5: Top 10 student cities in The Netherlands (Hulle, Landelijke Monitor Studentenhuisvesting, 2015)

Top 10 studiesteden	Aantal studenten
1. Amsterdam	109.300
2. Utrecht	60.000
3. Rotterdam	58.800
4. Groningen	52.200
5. Nijmegen	37.200
6. Leiden	29.300
7. Den Haag	28.400
8. Eindhoven	28.300
9. Tilburg	24.500
10. Enschede	24.300

The potential target group for DinnerFresh are German students aged between 18 – 25. This target group is further discussed in the DESTEP model.

3.3 Strengths and weaknesses

This chapter provides the strengths and weaknesses of De Verse Maaltijd. In order to decide whether a company is able to export, it is useful to look at the aspects of the internal analysis, which are summarized below. In addition, useful findings of the field research are integrated within this analysis.

Figure 6: Strengths and weaknesses of De Verse Maaltijd

Internal	
Strengths	Weaknesses
S1. De Verse Maaltijd has a customized service.	W1. Limited online marketing. No active social media tools like Facebook, Twitter and Instagram.
S2. De Verse Maaltijd offers good quality meals.	W2. Limited choice of the meals. More diversity in foreign meals would be more successful.
S3. Corporate social responsibility is integrated in their business activities.	W3. Lack of brand awareness.
S4. An easy online ordering system is what De Verse Maaltijd is using.	
S5. Non-binding offers are important for a good service at De Verse Maaltijd.	
S6. De Verse Maaltijd offers personal advice and guidance from the start.	
S7. Due to their low pricing strategy, the prices of the meals are reasonable.	

3.3.1 Strengths

- *Customized service*

De Verse Maaltijd has a reliable and flexible service. During the first contact with a client, the team of De Verse Maaltijd is looking at the wishes and possibilities for their client. Moreover, different meal possibilities are available, for example dietary meals, gluten free meals, lactose free meals and biological meals. The meals from the biological section are SKAL³ certified.

- *Quality*

The meals of De Verse Maaltijd are prepared in a fully BRC-A level 6⁴ certified kitchen. Furthermore, the halal kitchen is fully certified according to the legislation and quality requirements of H.I.C⁵. The transport of the meals is HACCP⁶ certified and therefore meets all the legal quality requirements. For 75% of the respondents of the test panel, the quality of the meals is extremely important.

- *Corporate social responsibility*

This is an important part of the daily operations of De Verse Maaltijd. De Verse Maaltijd ensures that their daily work harms the environment as little as possible. All the meals of De Verse Maaltijd are prepared in a sustainable and traditional manner. The company is working with local suppliers as much as possible. Furthermore, De Verse Maaltijd makes use of sustainable transport by reducing CO2. The transport is awarded the highest standard at European level. De Verse Maaltijd has a cooperation with city logistics Delft and an initiative of Post NL.

- *Easy online order system*

The three principles are easy, quick and well arranged. Ordering meals can be easily done through the website. Create an account with your personal contact details, place an order and send it to De Verse Maaltijd through the website. The customer service department will take care of the rest. According to the results of the test panel, more than half of the respondents agree that the website and payment system are very important and should be easy to use. However, making use of an account is less important and not really necessary according to the respondents.

- *Non-binding offers*

De Verse Maaltijd always communicate honest and open about their products, procedures and services. By an informal offer, customers can make choices on the basis of all-important information. For example, name and place of the childcare or healthcare organization, amount of people and dietary meals or allergies.

³ An independent and international organization, which checks and certifies sustainable and organic production methods since 1985

⁴ British Retail Consortium, inspection tool which includes requirements that suppliers must comply

⁵ Halal International Control

⁶ Hazard Analysis Critical Control points

- *Personal advice and guidance from the start*
- *Price*

De Verse Maaltijd feels it is not only important that you can put a healthy meal on the table, but also that this can be done for a reasonable price. According to the results of the field research, all the respondents indicate that the price of the meals is important, especially for students. Due to their low-pricing strategy, the prices of the meals are reasonable. A reasonable price for the respondents is between €4,50 and €6,50 for a ready-to-eat meal.

3.3.2 Weaknesses

- *Limited online marketing*

De Verse Maaltijd is not really an active player in terms of online marketing. The official social media accounts, Facebook and Twitter, are not regularly updated to inform their customers of the latest news, developments and promotions. According to all the respondents it would be an improvement if there is more promotion and marketing on De Verse Maaltijd.

- *Limited choice of the meals*

The menu of De Verse Maaltijd is not diverse enough. Customers cannot choose for typical Italian or Thai food. It is a limited menu with a lot of Dutch meals and some standard foreign meals. More than 50% of the respondents state the following: “it would be an improvement if there is more variety of the meals” and “I prefer more foreign meals like Thai food”.

- *Lack of brand awareness*

In comparison with for example HelloFresh, there is a clear lack of brand awareness of De Verse Maaltijd. HelloFresh has a strong marketing strategy, especially online marketing. The social media tools of HelloFresh are very active and updated. Because of the active participation in the online food industry, HelloFresh is in the top three largest companies which started in Europe over the past four years (Rocket Internet, 2015).

The most important advantages are the variation of the meals, easy in case of haste, cheap and easy meals and they are ready quickly. On the other hand, there are some improvements for the implementation of this new concept. Examples are the presentation of the meals, less salty meals, more variation in foreign meals and the delivery time and date possibilities. These disadvantages are already implemented in competitors' strategies, therefore the respondents will not recommend this new concept to other students.

4. External Analysis

This chapter describes the external environment for the new concept of De Verse Maaltijd, DinnerFresh, in Germany. It is essential to consider all the relevant external environmental elements. These elements will include demographic, economic, social-cultural, technological and ecological factors as a macro-environment. Micro environment will include competitors, suppliers and employees. Finally, the macro and micro factors show the opportunities and threats for DinnerFresh.

4.1 Country analysis

In order to figure out whether De Verse Maaltijd should be active in Germany with their new concept DinnerFresh, a country analysis is needed.

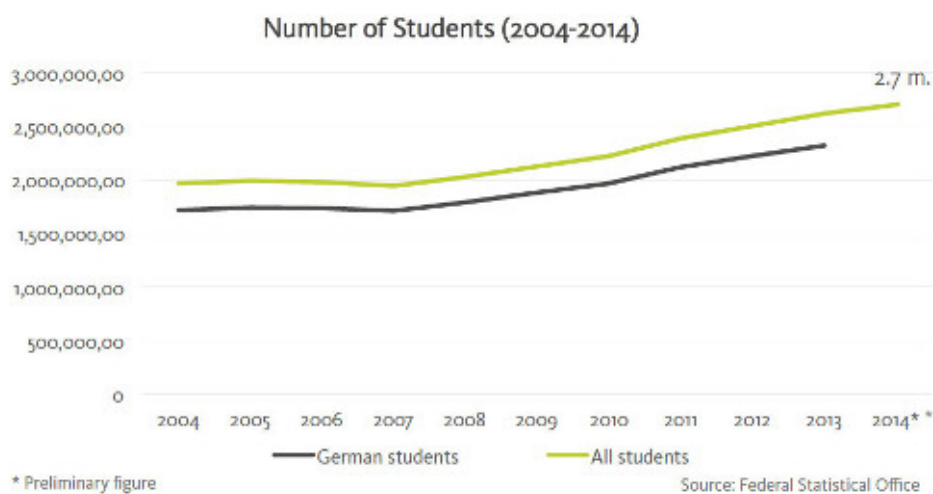
4.1.1 DESTEP analysis

In the text below, the important elements influencing the organization in terms of the DESTEP method will be discussed. The demographic, economic, social (cultural), technological and ecological aspects of the German market are discussed below.

Demographic aspect

According to the Deutsche Real Estate Funds, the number of students in Germany reached a new peak in winter term 2014/2015. Almost 2.7 million students are enrolled at German universities and colleges. This is 3.1 per cent more than in the previous year (DE Statis, 2016). The recent steep rise is primarily attributable to two special effects: the double generations of school-leavers with university entrance level qualifications in Germany and the suspension of compulsory military service (DREF, 2015).

Figure 7: Number of German Students 2004-2014 (DREF, 2015)



In the long term, the number of students will settle back down to old levels, subsequently rising once again from this basis. The Standing Conference of Minister of Education and Cultural Affairs in Germany estimates that the number of people taking up studies will be around 500,000 by 2019. As of 2025, it will then level off at 465,000. These are more students than in 2010, when the total was 450,000 – despite the unfavourable underlying demographic trend, according to the Deutsche Real Estate Funds (DREF, 2015). The higher the percentage of the students in Germany every year, the more optimistic it is for DinnerFresh to become a food delivery service among students.

Economic aspect

According to the Federal Statistical Office, the German economy, the fifth largest economy in the world and Europe's largest, is a leading exporter of machinery, vehicles, chemicals and household equipment and benefits from a highly skilled labour force. The German economy expanded 1.5 per cent year on year in the third quarter of 2016. The Gross Domestic Product (GDP) Annual Growth Rate of the country averaged 1.37 per cent from 1992 until 2016, reaching an all time high of 6 per cent in the first quarter of 2011 and a record low of -7.90 per cent in the second quarter of 2009 (Trading Economics, 2016).

According to Rabobank, the number of online home delivery services and suppliers of meal boxes is increasing (Rabobank, 2016). Food delivery at home is booming in Germany. FoodService Instituut (FSIN) speaks of a long-term growth market. "If you count all services of food delivery at home in total, we have already reached the one billion Euro mark", according to director Jan Willem Grievink (FoodService Instituut, 2015). This aspect indicates that the size of the food delivery market has increased a lot and will grow further in the next couple of years. All in all, the economy of Germany is growing further, the population of Germany is working and studying, and thus the food delivery services are a success for the students.

Social (cultural) aspect

Nowadays, Germany has a multicultural society, with a high quality of living for people and it consists of different cultural groups. DinnerFresh is open-minded towards the different cultural groups in the German society. In this way the company fulfils the special needs and wishes of the customers. As a result, the customers with a specific religion do not have to adjust their eating habits outside their homes. Furthermore, for example the Halal meals are prepared according to the legal requirements (De Verse Maaltijd, 2016).

A huge social (cultural) trend in Germany, and the rest of the world, is the use of social media. It is growing and becoming more diverse across a wide range of networks. According to research, more than 75 per cent of Germans use the Internet in some way during the day. It has shown that more

than 75 per cent of these Germans registered on at least one social network and use it around a quarter of their online time. For the younger generation, 14 to 29 years old, Internet is nowadays synonymous with social networks. The most popular networks in the country are Facebook, Google+, Xing, Wer-kennt-wen, MeinVZ, LinkedIn, MySpace and Lokalisten (Business Culture, 2016).

The huge amount of Internet and social network users represent a good opportunity for DinnerFresh, this young target group fit perfectly into the customer profile.

Technological aspect

The increase of food delivery at home provides a lot of new technological elements for companies, customers and suppliers. ICT will play an increasingly important role in this industry. It should contribute to ensure that the food industry becomes more demand-driven and less supply-driven. (Mobile) internet increases cross channel shopping and gives consumers more information about nutrition. Vice versa, also retailers receive more information about consumers. The possibilities for personalized specials are increasing. The share of online purchases in food will, thanks to new initiatives, increase strongly. ING Economic Agency expects a share of between 15% and 20% in 2020 with the potential for further increases in subsequent years (Erich, Samenwerking vanuit een nieuwe mindset, 2012).

According to the Economic Times, Europe is currently home to many of the most popular international players in the online food delivery business and the European countries are counting on the local ties, established customer bases and extensive restaurant networks to fend off new competition (Reuters , 2016).

Ecological aspect

According to research from USDA Foreign Agricultural Service, after the U.S., Germany is the 2nd biggest organic market of the world with good prospects for U.S. organic products like salmon, tree nuts, fruits and vegetables, processed food products and others. The German organic market is depending heavily on imports to meet consumer demands. The EU-U.S. Organic Equivalence arrangement has created new export opportunities for some U.S. companies (USDA, 2016).

In summary, a few opportunities and threats could be mentioned after this analysis. Important opportunities are the high amount of students every year, the large German organic market and the growth of the Germany economy. On the other hand, the growth of the usage of social media could be a threat due to the lack of promotion and brand awareness of DinnerFresh.

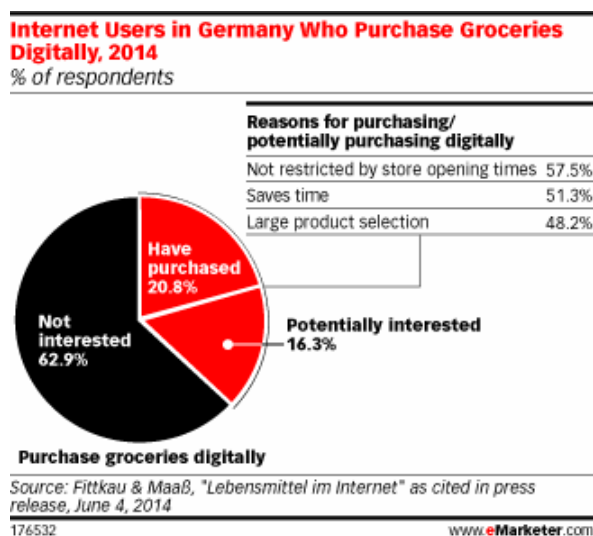
4.2 Industry analysis

Currently, Europe is home to many of the most active international players in the online food delivery business. These active countries are counting on their local ties, established customer bases and restaurant networks to fend off new competition, according to research from Reuters. (Reuters , 2016).

According to Syndy, consumers in Europe increasingly turn to online stores for their grocery shopping. The global online channel is expected to grow to more than 80 billion euros by 2018. Research has been done on the online grocery industry across the most advanced markets in Europe: Germany, France, The Netherlands and The United Kingdom. These four European countries have shown remarkable growth of online grocery sales in 2014. In that year, the smallest market of The Netherlands grew fastest with a growth of 55% and the German market increased by 38% (Ecommerce News, 2015).

While most industries in the start-up world are competitive, the online food business in Germany takes it to the next level (Moore, 2014). One of the most frequent things to do for many consumers since 2014 is doing grocery shopping online, as shown in figure nine (eMarketer, 2014) About one in four online shoppers in Germany have ordered foods or drinks online. It is the same percentage as it was in 2015, when 28 per cent of the online consumers shopped for their groceries online. A new study of Ecommerce News showed that about nine in ten online shoppers is satisfied with buying groceries online and only 7 per cent is somewhat not really satisfied with the online shopping experience (Ecommerce News, 2016).

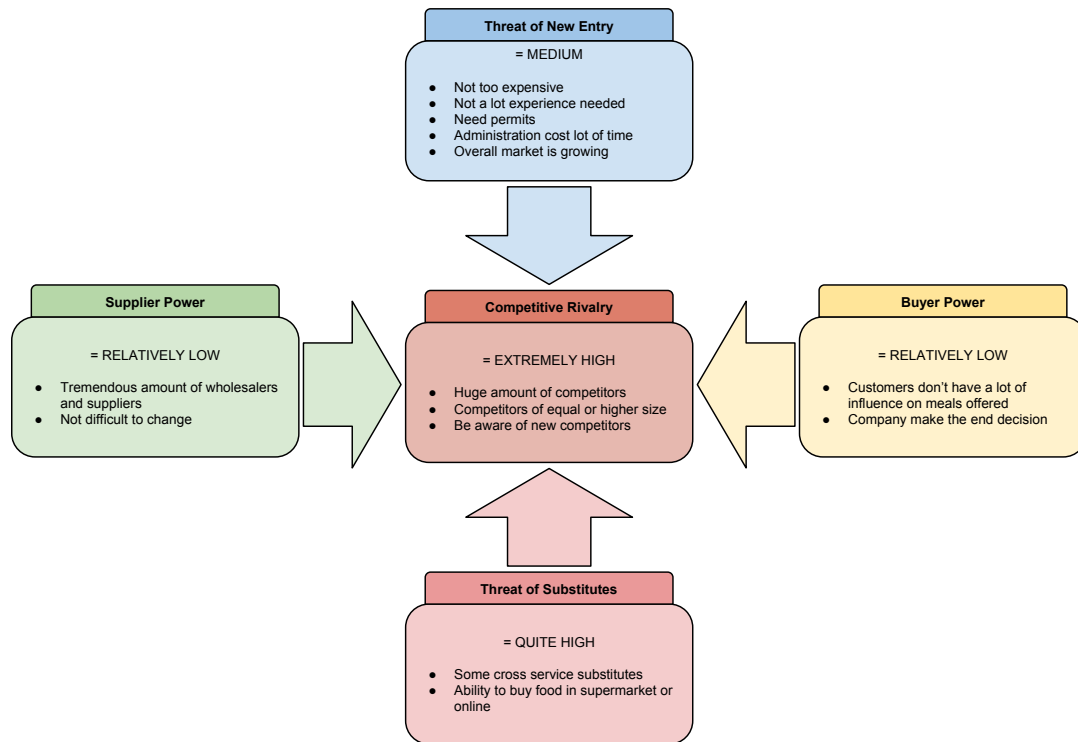
Figure 8: Internet users in Germany who purchase groceries digitally (eMarketer, 2014)



4.2.1 Five forces of Porter

In order to identify if DinnerFresh have the potential to be profitable, five important forces are discussed. They are elements for understanding where power lies in a business situation.

Figure 9: Five forces of Porter DinnerFresh



▪ Threat of substitutes

If someone is not making use of a food delivery service, they are doing groceries in (online) supermarkets or small shops. This traditional way of doing groceries and cooking is what most people are used to do. The biggest advantage of this way is that people can choose what to buy and cook at that moment, if they have time. The advantage of the online food delivery services is that it is easy for hard working people and students who do not have a lot of time for buying food and to cook at home. The Millennial generations' desire for a quick and easy food option that fits in with their busy lifestyle. However, the threat of substitutes is quite high since supermarkets and small shops could affect the food delivery service industry.

▪ Threat of new entrants

Possible barriers when entering the market in Germany should be analysed. If the entry barriers are low and few, it is easier for new entrants to enter the market. To enter this market is not very difficult and expensive to do. Companies willing to compete in this market should not have a lot of

experience, however a company needs to have information about permits and that takes a lot of time and administration. As an international actor, a company can easily enter the scene as the overall market is growing. The barriers to entry are moderate if you take into consideration for example cooperation with national fulfilment and logistic providers (GTAI, 2016). This makes the threat of new entrants on a medium level.

- **Competitive rivalry**

There is an intense competition in the German food delivery service market because of the numerous companies in Germany with high market share, brand awareness and high-ranking traffic. According to research from Rivalfox, Pizza.de has the highest traffic rank in Germany, followed by Lieferheld, Lieferando and Delivery Hero (Moore, 2014). Newer food delivery companies like Deliveroo and Foodora are growing very fast and they are popular in Germany. Some investors see the potential for those new ‘foodtech’ entrants to build business based on different business models (Ahmed, 2016). However, those newer companies need to be aware of other competition like Uber and Amazon (Reuters , 2016). According to the results of the questionnaire, students in Germany are not just using one delivery service but they are switching between the different companies. This makes the competitive rivalry more intense than it is already.

- **Supplier power**

The power of suppliers is relatively low. A lot of wholesalers and suppliers exist in Germany so the choice for DinnerFresh is tremendous when entering the food delivery service market. After a bad experience with a supplier it would not be difficult to change the supplier because there are a lot of suitable alternatives in Germany to switch between.

- **Buyer power**

The power of buyers is also relatively low because there are so many customers who are making use of a food delivery service. The customers cannot have a lot of influence on the menus and meals that a food delivery service is offering. Of course the customers can send recommendations to a company but in the end the company is deciding what to offer. This gives buyers less power because the service is not customized so the buyer power is low.

4.3 Customer analysis

For DinnerFresh to enter the German market, it is important to approach the target group. To obtain information about this target group, a test panel and survey were conducted (see Appendix 1 and 3).

The test panel was conducted in a student house in Leiden. The target audience of the new concept DinnerFresh is the international students between 18 – 25 years old. For the field research, seven respondents were available to cooperate with the test panel. During this test panel several meals were tasted and evaluated. This test panel consisted of two questionnaires; the first questionnaire was completed before tasting the meals and the second questionnaire was completed after the meals were tasted. The total outcome of the field research can be found in Appendix 2. In the two figures below you find the results of what customers think about several subjects and how customers have experienced those subjects.

Figure 10: Importance of several subjects before the test panel

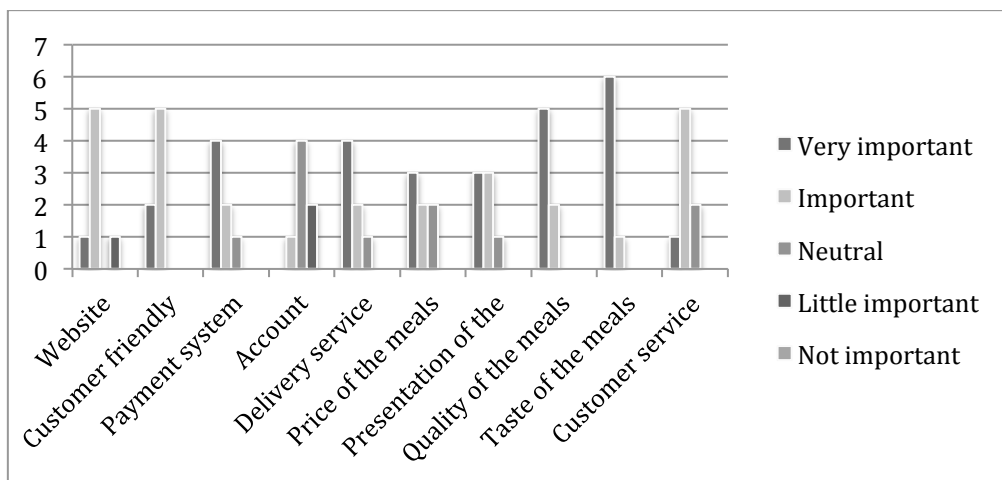
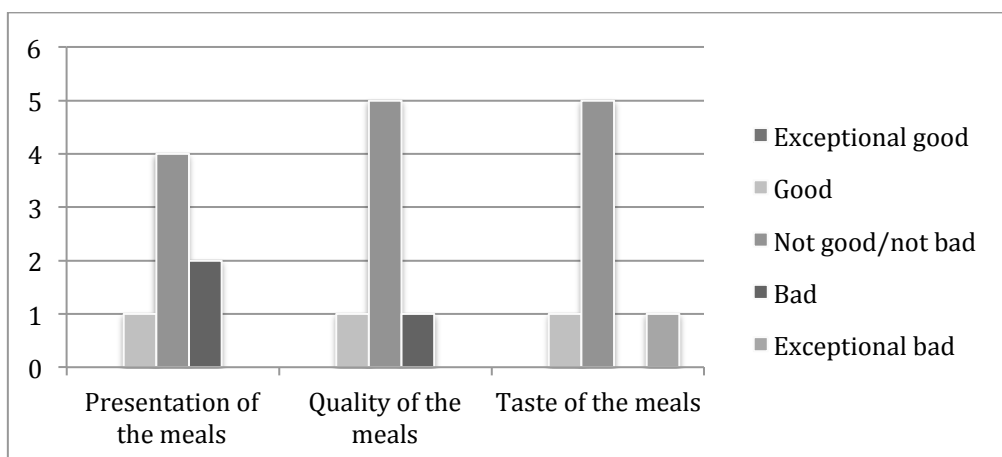


Figure 11: Experience after the test panel



Due to the impossibility of doing the test panel among German students, a survey was conducted via an Internet questionnaire among German students, the target group of DinnerFresh. Ten students from different German Universities filled in this questionnaire. The survey included questions about the food delivery services in Germany, choices of food boxes, doing grocery shopping online and the importance for a successful food delivery service.

Figure 12 shows the gender and age of the target group. Half of the respondents is male and the other half is female. 70 per cent is between 18 and 25 years old and the other 30 per cent is above the 25 years old.

Figure 12: Gender and age of the respondents of the survey

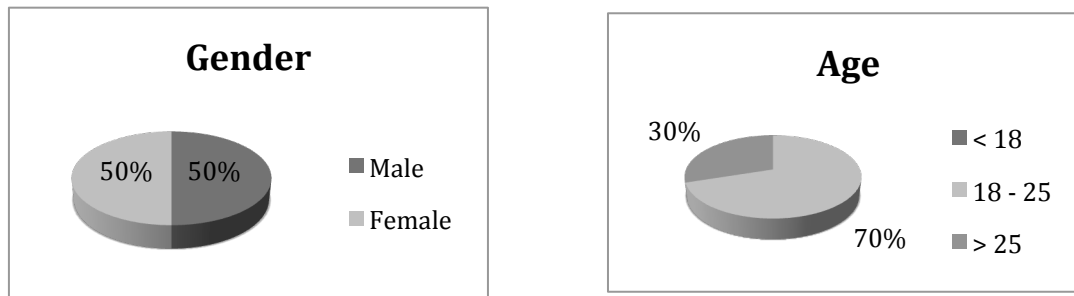


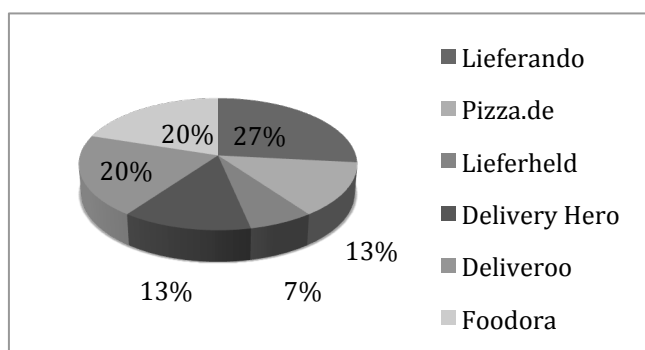
Figure 13 shows that almost all of the respondents (90 per cent) do make use of a food delivery service in Germany, followed by one person who is not using a food delivery service.

Figure 13: People making use of a food delivery service



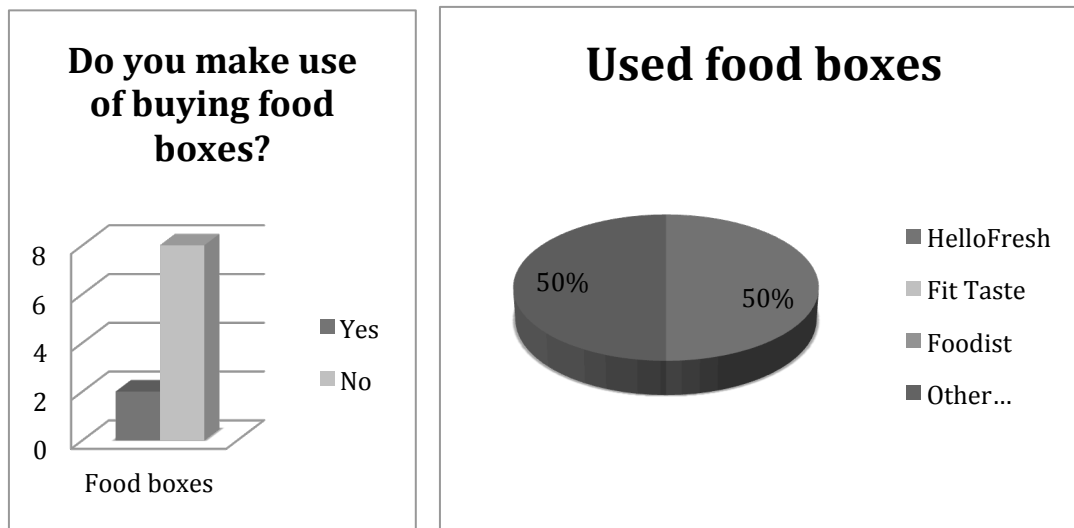
The slices of the chart in figure 14 show the division of the food delivery services used in Germany among the ten students. According to the results, Lieferando is the most popular delivery service in Germany with 27 per cent, followed by Deliveroo and Foodora with both 20 per cent. These companies can be seen as competitors for DinnerFresh.

Figure 14: Different food delivery services



For DinnerFresh it is also important to know if the target group is making use of food boxes. Figure 15 gives an impression of this service. As shown in the figure, two of the respondents are making use of buying food boxes. One of them chose the food box of HelloFresh and the other respondent chose the one from Foodist. From these results, it can be concluded that making use of a food box is less popular than a food delivery service.

Figure 15: Information about food boxes in Germany

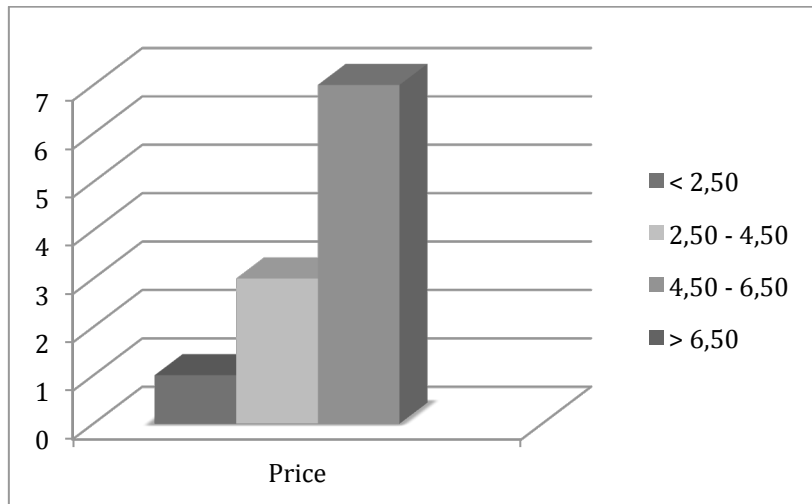


Potential customers of DinnerFresh prefer to do their groceries online; almost 30 per cent of the respondents of the survey are doing groceries online. The respondents prefer to do their groceries on the Amazon website and eBay is popular as well.

Nowadays students are using more and more online food services. Half of the respondents answered 'yes' to the question if they will use a student delivery service with fresh meals you just have to warm up at home. Reasons for using a student food delivery service are: easy when you are busy, no time to cook and they will use it since it is fresh and healthy, no issues anymore with leftovers when cooking. It is fast, useful because of lack of time for cooking. The respondents who are opposed to a student food delivery service mentioned reasons like that there are so many delivery services and that they like cooking, also when they don't have a lot of time. However, making use of ready-to-eat meals from the supermarket is not that popular amongst the respondents. 60 per cent is not making use of these products. Less tasteful, unhealthy and lack of quality are disadvantages according to the respondents. On the other hand, advantages of ready-to-eat meals are the easiness, saving time, don't like cooking and useful when you sport three or four times a week.

The target group seemed to be very united on the following topics, ranked on importance: “price of the meals (90 per cent)”, “quality of the meals (90 per cent)”, “taste of the meals (90 per cent)” and “payment system (70 per cent)”. Those 4 factors could be interpreted as the most important for the German students. “Personal account” and “presentation of the meals” received the lowest score of all the factors. This is an advantage for DinnerFresh since those lowest factors are not the focus points for their delivery service.

Figure 16: Importance of the price of the meals



According to figure 16, seven of the ten respondents indicated giving importance to a good price. The best price for the customers would be between €4,50 and €6,50 for one meal. Price of the meals is also one of DinnerFresh’s strengths. The majority of the respondents to the survey gave price importance and a reasonable price, that is a positive element for the strategy.

Another important factor for DinnerFresh is the preference of the customers when to order a delivery. The most popular choice is making an order the same day (70 per cent), followed by making an order one day in advance (20 per cent) and the less popular option is making an order in advance (10 per cent). Regarding this factor, this could be a challenge and threat for the company due to the preference of DinnerFresh to receive orders in advance.

The target group attaches great importance to the variety of cuisine, when deciding to order a meal. More than half of the respondents choose for German cuisine, Eastern/Azian cuisine or Mediterranean food. A combination of the different cuisines is a good choice for the rest of the respondents. One of DinnerFresh’s weaknesses compared to its competitors is the diversification of the choice of meals; this could be a problem for the company on the German market.

4.3.1 Ultimate DinnerFresh customer profile

➤ *Demography*

- Gender: Male and female
- Age: 18 – 25 years old
- Occupation: Student
- Education level: University degree
- Economic status: Low/middle class

➤ *Psychographic*

- Interests: education, sports, nightlife, reading, watching movies, cooking, travelling
- Lifestyle: busy, student style, healthy, sustainable, organic
- Behaviour style: This customer likes to order a meal from a food delivery service, because he needs to study very hard during the week and needs to go to sport 3 times a week. He is a busy student and does not like to cook every day after studying and doing sports. He likes to go out with his friends after delivering food.

➤ *Geography*

- Living in a student city in Germany
- Living in a student house with other room mates

It can be concluded that the results of the test panel and the survey are very useful for DinnerFresh to enter the German market. Especially because the potential customers value factors like reasonable price, customer service and the use a food delivery service highly. These factors can be seen as opportunities for DinnerFresh. On the other hand, the company needs to be aware of the possible threats; less diversification of cuisine, possibility to make an order, a lot of competitors, lack of brand awareness and promotion of DinnerFresh.

4.4 Competitor analysis

This section provides a description of the competitors of DinnerFresh. There are many competitors in the food delivery industry, but the mentioned companies are the most active players in this industry in Germany. To draw up an efficient strategy, it is important to know who the competitors are that are currently active in Germany. The analysis is divided into two categories, direct and indirect competitors.

In order to obtain a clear overview of these two categories, a table has been created to complement this export plan. Figure 17 shows the most important competitors of the food delivery industry in 2016. The elements used in the comparison analysis are: target group, market segment, kind of

service, possibility to order online, mobile app and use of social media tools. Those elements are most important to compare competitors in the food delivery industry in Germany.

Figure 17: Competitors in the food delivery industry in Germany

Company	Target Group	Market Segment	Kind of Service	Order online / mobile app	Social media tools
DinnerFresh	Students	Low / middle	Delivery of meals, need to warm up	Yes / No	Facebook, Twitter
Direct Competitors					
Lieferando	Families, students, young working class	Low / middle	Ready to eat meals	Yes	Facebook, Twitter, Instagram, Google+, Pinterest
Delivery Hero	Families, students, young working class	Low / middle	Ready to eat meals	Yes	Facebook, Twitter, LinkedIn
Deliveroo	Families, students, young working class	Middle	Ready to eat meals	Yes	Facebook, Twitter, Instagram
Indirect Competitors					
HelloFresh	Hard working people who still want to cook	Middle	Food boxes with fresh ingredients and recipes	Yes	Facebook, Twitter, Instagram
Foodist	Cooking and baking fans	Middle	Box with products for snacking,	Yes / No	Facebook, Twitter, Instagram

			baking, cooking		
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As shown in figure 17, DinnerFresh has some competitors in the food delivery industry. All of these examples are big direct competitors of food delivery services. Those leading providers are categorized in the low and/or middle market segment. The direct competitors do have an active promotion and marketing strategy for their online website and mobile app. They provide a mobile app for smartphones to enable ordering of their products and have them delivered to the customer's home. Developing a mobile app could give DinnerFresh an advantage, making it easier for their customers to order their meals.

A worldwide company as Takeaway.com (the parent company of Lieferando) meanwhile delivers in dozens of countries millions of meals a day. It is ideal for people who do not have the opportunity and/or time to cook for themselves, or do not have any interest in cooking. This rapidly growing market is attractive to investors, who invest millions (Foodlog, 2015).

4.4.1 Direct competitors

➤ Lieferando

Since 2014, Lieferando is a holding company of Takeaway.com and was founded in 2009 by Christoph Gerber, Jörg Gerbig and Kai Hansen in Berlin. With more than 10,000 delivery services, Lieferando.de offers Germany's largest selection of restaurants on one platform. In 2000, CEO Groen, found that a food order was not yet possible at a party, and that gave him the idea of setting up a delivery service. The next day he registered the domain name Thuisbezorgd.nl. Monthly, Takeaway.com records over two million orders in Switzerland, the Netherlands, Belgium, Germany, Austria, UK, Poland, France, Luxembourg and Vietnam. The main shareholders of the company are the entrepreneur Jitse Groen and the two VC companies Prime Ventures and Macquarie Group, according to the Lieferando website (Lieferando, 2016).

➤ Delivery Hero



Delivery Hero

www.deliveryhero.com

Based: Berlin, Germany:

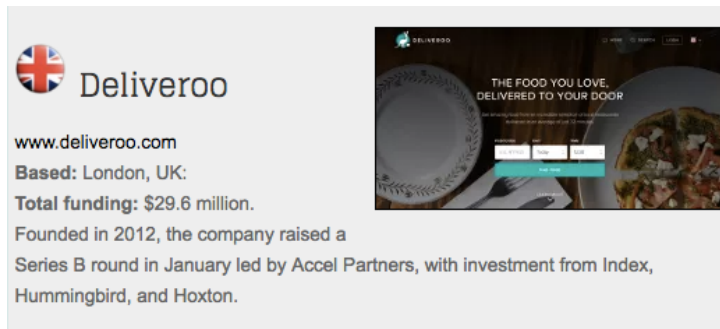
Total funding: \$1.3 billion.

Founded in May 2011 the company, valued in February at \$1.9 billion, it spent \$589 million to acquire Turkey's Yemeksepeti.com in May 2015.

The image also shows a screenshot of the Delivery Hero website interface, featuring a world map with various country flags and the text "The easiest way to your favourite food".

Food delivery service Delivery Hero was one of Germany's top 3 fastest growing start-ups in 2014. Today it is one of the world's largest online food delivery networks in 33 countries worldwide. It is the largest online food ordering network in Germany, that over the last years acquired a lot of other food companies. Examples are Pizza.de, Foodora from Rocket Internet, Foodpanda and Lieferheld.de (Reuters , 2016).

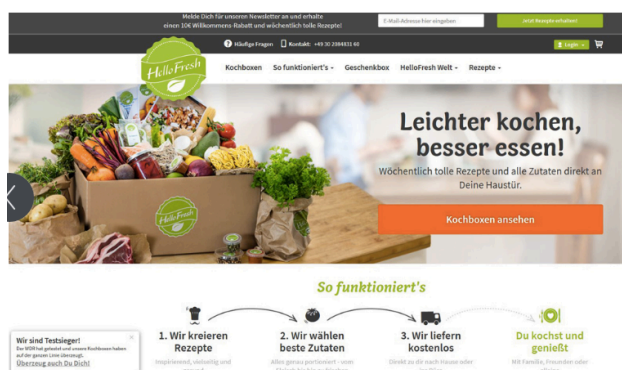
➤ Deliveroo



Deliveroo is a British online food delivery company with operations spread across eighty-four cities in the world. It was founded in London in 2013. While Deliveroo does deliver food to the home, according to Leonard Picardo, Director of Marketing and Corporate Relations, Deliveroo is going after a very different market from that of for example Delivery Hero. "The restaurants that they work with are limited to those who have their own delivery logistics," he says — a fraction of the restaurant sector. Deliveroo has its own teams of scooter-based drivers who will deliver food from any restaurant to consumers (Rooney, 2015).

4.4.2 Indirect competitors

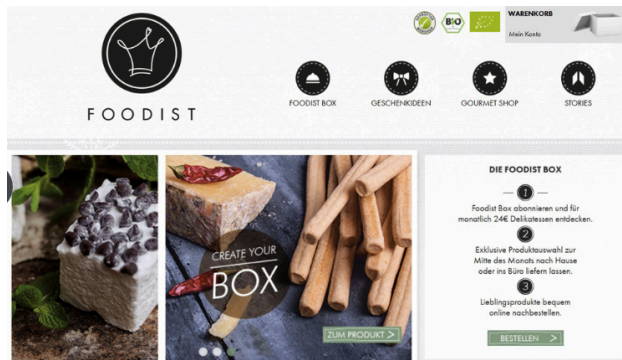
➤ HelloFresh



The first indirect competitor for home delivery services is HelloFresh. HelloFresh is the global leading provider of fresh-food to the home. Through a subscription model, healthy meal boxes can be ordered. The head office of HelloFresh is located in Germany. In addition, other offices are located in Belgium, Germany, Great Britain, Australia, Austria and United States. A little timeline of the company is listed below:

- 2011: Dominik and Thomas, founders of HelloFresh, arrived in Berlin, intent on starting a new and revolutionary business. With a love for healthy food, nutrition, cooking, and a desire to gain access to healthy food as easy as possible for as many people as possible - starting a Food at Home business seemed the natural choice.
- 2015: HelloFresh served 6.1m meals in November to 7 countries across 3 continents (HelloFresh Group, 2015)

➤ Foodist



The second indirect competitor is The Foodist. This Hamburg based start-up was co-founded in 2012 by two German guys. Over the last two years the company has experienced a strong growth and has increased the number of monthly subscribers from 350 to 14.000. To keep on growing, the company is launching funding campaigns. The Foodist sub-food boxes do not contain any ingredients for complete meals. The customer is looking for fresh food in vain. Instead, there is a combination of different long-tasting products for snacking, baking and cooking (eKitchen, 2016).

In general, the rivalry among existing competitors in the food delivery industry is fierce. The direct competitors of DinnerFresh have a similar concept. The only exception is that the meals from DinnerFresh need to be warmed up at home, the others are already ready to eat. With the increasing penetration of Internet and the usage of smartphones across the world, more food delivery services are improved with convenience of ordering. Reasons are better applications and payment systems. A disadvantage of DinnerFresh is that the company is not yet developing a mobile app. An application on your smartphone would be a lot easier for the target group to use the food delivery service. The biggest competitors of DinnerFresh could benefit from the fact that those companies are using an active marketing strategy, are using social media tools and are having a mobile app.

“No doubt it will be very interesting to see if the battle between the ordering sites, and particularly the one that currently rages in Germany, will play out as the market continues to mature” (Wauters, 2014).

4.5 Distribution analysis

A market entry strategy should be taken into consideration, because the company wants to establish themselves in the German market for the long term. To have a proper method to export the service, a good distribution channel is a key to success. Exporting is the easiest, most cost effective and the most commonly used method of entering a new international market. DinnerFresh is a planned exporter who wishes to expand the company's international presence. Exporting has many advantages in that it requires less investment and allows your business to 'try out' exporting on a small scale as a handy way of developing and testing DinnerFresh's international plans and strategies without great commitment. Exporting also allows you to concentrate your production in a single location, allowing for better economies of scale and quality control measures, according to International Strategy Solutions (ISS, 2014).

There are some different ways for DinnerFresh to export to the German market:

➤ Direct channel

Products are sold directly to buyers in target markets either through local sales representatives or distributors.

➤ Indirect channel

Products are sold through intermediaries such as agents and trading companies. Selling through an agent is the most common form of indirect exporting.

➤ Counter trade

Exported goods and services are paid for by other goods and services. Common forms of counter trade include barter, payment in kind or promises to make future purchases.

➤ Contractual strategy (licensing, franchising)

- Licensing: a business gives an overseas company permission to use its property for a specific time.
- Franchising: one company supplies another with intangible property and assistance for a set time.

➤ Equity strategy (strategic alliances, joint ventures, wholly owned subsidiary)

- Strategic alliances: two or more businesses working together to achieve strategic objectives.
- Joint venture: an arrangement between two or more (often competing) companies to join forces for the purposes of investment with each having a share in both the financial running and management of the business.

- Wholly owned subsidiary: a facility is fully owned and controlled by a single parent company through foreign direct investment (Vic Government, 2016).

The distribution method in the Netherlands for example for the concept Lekker & Vers is as follows:

- On the agreed delivery date, the driver gets the orders from the kitchen very early in the morning
- The driver loads the cooled order in the refrigerated vehicle and checks all orders
- The driver usually drives a fixed route to customers
- Customers know when to expect the driver
- The driver arrives at the customer with the order and places it in the fridge

For DinnerFresh it will be different due to various factors: way of delivery, day and time of ordering, amount of users, place of delivery, etc. The choice of distribution will be discussed further in the market entry strategies part.

4.6 Opportunities and threats

The opportunities and threats of DinnerFresh are discussed below. Some interesting results of the test panel, the survey and the external analyses are integrated within these external elements.

4.6.1 Opportunities

- *Global expansion:* De Verse Maaltijd/DinnerFresh is already located in The Netherlands and in some locations in Belgium. Moreover, the international expansion of DinnerFresh can be an on-going process, to start in Germany.
- *Growth through new mobile technology:* designing a mobile app can be a great success in the food business. According to competitor Takeaway.com or HelloFresh the mobile app has proved to be a strong driver of engagement. There is 61% more engagement if you take the average session duration in minutes. For the website it is 03:51 minutes and for the mobile app 06:13 minutes is recorded (Rocket Internet, 2015).
- *Popularity for further expansion of online food services:* the results of the test panel have shown that online food services are very popular. People are already using a lot of the online food services, but they are also still interested in new services. International customers would like to be able to make a choice from a broad selection of services. According to Rabobank, the number of online home delivery services and suppliers of meal boxes are still increasing (Rabobank, 2016).

- *New online marketing strategies:* as mentioned before, using a mobile app can be a strong driver for a company. The launch of a mobile app can be promoted via online marketing, providing this is in line with the strategy. The online marketing, website and social media, of a company is nowadays an essential part of the marketing strategy. The online marketing of De Verse Maaltijd is not very active and updated if you compare it with competitors. According to FoodService Instituut, the delivery market will be stimulated by digital media. Dedicated web platforms and modules for tablets and smartphones ensure, together with an easy payments system, an extra boost (FoodService Instituut, 2015).
- *High amount of students:* according to research, numbers have shown that there is a growth in students every year. Almost 2.7 million students are enrolled at German universities and colleges. That percentage is 3.1 per cent higher than in the previous year (DE Statist, 2016).
- *Professional customer service:* during first contact, this team of the company looks at the wishes and possibilities of their customers. The wishes of the customers are the centre of attention. The company fulfil the special needs and wishes of the customers, for example to prepare Halal dishes (De Verse Maaltijd, 2016).
- *Growth of the German economy:* the German economy is the fifth largest economy in the world and Europe's largest. The economy in Germany expanded 1,5 per cent in the third quarter of 2016 (Trading Economics, 2016). The food delivery service industry is booming and mentioned as a long-term growth market.
- *Popularity in organic food:* Germany is the second biggest organic market of the world. It is heavily depending on imports to meet consumer demands (USDA, 2016). There have been several years of steady growth, organic food sales increased by more than eleven per cent in 2015. Germany is a frontrunner in the production and consumption of organic food products according to Germany Trade & Invest Research (GTAI, 2016).

4.6.2 Threats

- *Competition from other online food services:* the biggest threat refers to the competitors in the food industry. It can be concluded that Lieferando, Delivery Hero and Deliveroo are the biggest direct competitors of DinnerFresh, since their concepts and services are almost similar. Furthermore, other examples of the indirect competitors are HelloFresh and Foodist.
- *Not enough diversification of cuisine:* the target group prefer to make a choice of a wide range of different menus and meals from different cuisines, like Asian, Italian or German food