

A report on link natural marketing essay



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The following preliminary marketing plan was prepared by Link Natural (Pvt) Ltd to present a comprehensible idea on their business expansion of Link Samahan to France after conducting an ample research on the feasibility of the product in the French market. The main objective of this report is to guarantee that the product will be successful in the French market when competing among the alternatives available.

The report portrays a detailed description mainly on the intended target market focusing on geographical, sociological, demographical etc. aspects, which are relevant to B2B and B2C markets. It gives an insight to the expected sales and the profit expectations for the year 2010. Furthermore, it explains the penetration strategies used by the company to gain market share of the consumers of herbal beverages in the market.

It is imperative to analyze the product adaptation and modification by using factors such as core components, packaging, and support services etc. to grasp a clear interpretation of the product, which is described with sufficient details in the analysis.

The report also focuses on to one of the major components in the marketing the mix, the promotions of the product carried out in France. The overall promotion objectives are explained followed by advertising, sales promotions, personal selling and other promotional tools used by the company to promote Link Samahan among the French consumers.

Moreover, it explains the distribution components from origin to destination, which includes port selection, mode selection, packing, important

documentations, insurance claims etc. as well as channel of distribution and more importantly the price determination of the product.

Finally the terms of sales and method payment used by the company are explained followed by the budget and the financial statement of the entire business plan. Therefore as mentioned above, the crucial factors are highlighted in this report to ensure the success of Link Samahan's establishment in the French market.

I THE MARKETING PLAN

1.0 MARKET OBJECTIVES

1.1 Target Market

France has been ranked the 19th most populated country in the world, with a population estimate of 64, 057, 792, as stated in (" France – Demography", n. d.). It is therefore impractical to target the entire population of the country. The company has taken into consideration factors such as demography and geography when selecting the target market for Link Samahan.

Demographically, the variables that were taken into consideration when selecting the target market were age, sex and income status. 65% of France's population falls within the age group 15-64 years (" Central Intelligence Agency", n. d.). Both males and females having a lower-middle to upper level income will be targeted since Link Samahan is an FMCG and is generally affordable to all the income groups mentioned above.

Geographically, Paris, Marseilles and Nice are 3 of the most populated and metropolitan cities in France. Collectively in these 3 cities, the total

population amounts to approximately 14.6 million (“France – People”, 2006).

Therefore, the primary business-to-consumer (B2C) target market for Link Samahan in France is: males & females, from lower-middle to upper level income groups, between the ages of 15-64 who are primarily residing in the cities of Paris, Marseilles or Nice.

There will also be a business-to-business (B2B) target market which would consist of the most visited retail stores, supermarket chains, hypermarkets and health & holiday spa’s in the selected three cities. Such as: Auchan, Carrefour and Coop supermarket chains.

1.2 Expected Sales for year (2010)

The selling price of Link Samahan will be set at \$15.75 (per packet of 25 sachets). The packets will be sold in France at a price of €10.50 (per packet of 25 sachets).

The sales figures will vary according to the rates of adoption, as well as the seasonal and climatic changes. It is expected that the initial take-up rate of Link Samahan in France will be slow, but by the 3rd month after the launch the adoption rate is expected to pick up.

Also, the months October to April entertain strong winters and a cold climate in France; whereas May to September is relatively warm (“France – Climate”, 2006). Therefore it can be predicted that the demand for Link Samahan will be higher in the cold winter months.

Taking these factors into consideration the estimated sales for each city for the year (2010) are as follows:

Total expected sales per month (per city)

As explained previously the graph shows a slow take-up rate initially, and high sales figures during the months of winter. Accordingly;

* The total estimated sales for Link Samahan, per city are 45, 350 packets for the year 2010.

* This amounts to $(45, 350 \times 3 \text{ cities}) = 136, 050$ packets (total sales) for the year 2010

Therefore the total estimated sales revenue for yeas 2010 is:

$$(136, 050 \times \$15. 75) = \$ 2, 142, 788$$

OR

$$(136, 050 \times €10. 50) = € 1, 428, 525$$

1. 3 Profit expectations year (2010)

Link Samahan has estimated the total cost per packet (including production, overheads, and distribution) to be \$9. 50. Thereby, the company retains a profit of \$6. 25 per packet of Link Samahan sold, at a mark-up percentage of 66%.

Accordingly the total estimated gross profit for the year 2010 is: \$2, 108, 888 and the net profit is \$1, 540, 486 (Refer Pro Forma Financial Statement).

1. 4 Market penetration and coverage

Link Samahan is an herbal product that can be used as a medical infusion to cure colds and similar illnesses, and also used as a hot beverage. According to (Bell, 1997), “ In France it has long since been the culture to consume herbal concoctions. Such concoctions include herbal medicines and drinks, and are most popularly known in France as ‘ Tisanes’ or ‘ Infusions’.

Consumption of herbal mixed medicine and beverages are common in both hospitals and families”.

For the company Link Natural, the marketing strategy for Link Samahan would be a market development strategy. This strategy will be adopted as an existing product (Link Samahan) would be sold to a new market (France).

According to (“ Ansoff’s product/market matrix”, n. d), this strategy can be adopted by companies in many ways. Link Natural will adopt this strategy by geographically marketing to a completely new market (France), and also by altering the product package component (new colours to match the new flavours, use of the French language etc).

The penetration or expansion to the French market by Link Samahan was done after much analysis that indicated that the French market shows potential for growth in the herbal medical & drink sector.

2. 0 PRODUCT ADAPTION/MODIFICATION

According to (Doole, 2001, p. 306), “ the life cycle concept is used as a model for considering the implications for marketing management of a product passing through the stages of introduction, growth, maturity and decline and can be applied to international marketing”.

It has been identified that when the basic product (Link Samahan), reaches the maturity stage in the life cycle various adaptations and modifications must take place in order to extend the life cycle and further expand the herbal market share in France. The adaptations that will be done to the core component, packaging component as well as the support services component are explained below.

2. 1 Core Component

The basic product component of Link Samahan consists of various herbs in one packet that must be mixed with boiling water to create the herbal drink/medicine. When this core product reaches the maturity stage the company will consider expanding the product to include various flavours such as Lime and Lemon. According to (Bell, 1997), “ the Tisane’s that are most commonly demanded in France are Mint, Linden and Verbena”.

Therefore in addition to Lime and Lemon, the company will adapt the core component of Link Samahan to include the flavours that are mainly desired by French as stated above.

Other modifications, as stated in (“ Link Samahan Superbrands”, n. d., p. 52), is “ to create a sugar free, low calorie Link Samahan for consumers who are diet conscious”.

2. 2 Packaging Component

Each Sachet of Link Samahan contains 4 grams of the herbal mix product. 25 sachets will be available in 1 packet of Link Samahan (100g). At the maturity stage, the company can consider packaging the herbal mix (Link Samahan

product) in a 50, 100 or 200 gram bottle instead of sachets. This would enable long term use of the product as well.

Furthermore, the basic Link Samahan product appears in a standard yellow packaging with red and green wording. However, when the new flavours are introduced it would be more advantageous to introduce new colours for different flavours. For example: Light green package for Lime flavour, and dark green package for Mint flavour.

The instructions, ingredients, manufacture details and other details must be provided in French as well as English.

2. 3 Support Services Component

As stated in (Doole, 2001, p. 294), “ Marketing support services are the additional elements to the core product which contribute to providing satisfaction, and include delivery, after sales service and guarantees”.

Since Link Samahan can be considered an FMCG, it is difficult to provide support services to the end consumer (B2C). However, Link Samahan can provide support services to the B2B customers by way of delivering the stock to the supermarket, hypermarket outlets and health spa’s, and also by stacking & maintaining the goods in the shelves.

3. 0 PROMOTION MIX

3. 1 Advertising

According to (Keegan, 2008, p. 408), “ Advertising may be defined as any sponsored, paid message placed in a mass medium”. There are numerous advertising media which include: television, radio, newspaper, transit and outdoor advertising. Since Link Samahan will be a completely new product in

the French herbal medicine & beverage market, advertising is essential to attract customers and increase awareness.

3. 1. 1 OBJECTIVES

The basic objectives of advertising Link Samahan in France is to:

- * Create awareness about Link Samahan, which is a herbal concoction that can be used as a remedy to cure common colds, as well as a hot beverage.
- * Create an interest in natural or herbal medicine as opposed to chemical products, which would lead to growth of the herbal medicine market.

Furthermore, through advertisements the company can explain the specific benefits of using Link Samahan such as: cleansing the system and help prevent ailments such as body ache and itchy throat.

3. 1. 2 THE MEDIA MIX

In order to create maximum awareness about the product and reach majority of the target market, Link Samahan will use a variety of mediums to advertise. The media mix for Link Samahan will therefore consist of: television, radio, magazine and newspaper advertisements.

1. TELEVISION ADVERTISEMENT

France has been ranked 4th highest in television viewing, amounting to an estimated 23 hours a week per person. Also, research indicates that 95% of households in France have televisions, (“ Television viewing by country”, n. d.). Therefore, broadcasting Link Samahan advertisements in selected channels would greatly help increase awareness of the product to the target market.

TF1 & France 2 are privately-run media and the two most popular channels in France (“ Guide to French TV channels”, 2003). Since these have been ranked as the most viewed channels, Link Samahan will air a 30 second advertisement on these channels during peak hours, 3 times a week in order to increase awareness. After the initial 3 months the advertisement will air once a week.

The television advertisement will be purely informational and will state the benefits of Link Samahan, such as; that it can be made instantaneously, it can cure common colds, it is nutritious etc. The advertisement will be aired in French since the majority of the target market is fluent in French language.

Since television advertising in France is relatively expensive, and since Link Samahan is an FMCG, the company will focus more on radio, magazine and newspaper advertising.

2. RADIO ADVERTISEMENT

In France, 911. 699 people in every 1000 have access to a radio, (“ Radio (per capita) by country”, n. d.). Radio advertisements are purely auditory the people are able to easily understand and grasp information. Therefore, Link Samahan will chose 1 radio station in each city and air a 30 second radio advertisement twice a day, on 3 days a week for the first 4 months. After that the advertisements will be aired once a day, 3 times a week. The advertisement will be in French so as to increase the communication effectiveness with the selected target audience.

The radio stations selected are: 13 FM (Marseilles), Cherie FM (Paris), and KISS FM (Nice). These radio stations have been selected because they have internet broadcasting as well, therefore the advertisement will have a wider coverage.

3. MAGAZINE ADVERTISEMENTS

The magazine viewing rate in France is very high and is spread across the country. Therefore a full page advertisement (for the first 3 months) will be put on monthly magazines of three different categories in order to have maximum exposure to the target market. After the first 3 months the advertisements will be quarter page advertisements. The magazines chosen are as follows:

* Health & fitness magazines:

- i. Correspondances en medicine
- ii. La lettre de l'infectiologue

* Family magazines:

- i. La lettre La Famille et l'Ecole
- ii. Selection du Reader's Digest

* Food & drink magazines:

- i. Gaute et Millau
- ii. Bourgogne Aujourd'hui

All advertisements will be in French since 99.0% are literate in French. They will also provide detailed information regarding Link Samahan, the benefits, outlets of purchase, price, manufacture details and other relevant information.

4. NEWSPAPER ADVERTISEMENTS

The newspaper circulation in France is the 10th highest in the world. Since Link Samahan is an FMCG, and it is targeted to all income groups, it is both cheaper and effective to the company to advertise through this medium.

The Advertisements will be in French and placed in the lifestyle section of 2 local newspapers in the chosen 3 areas (Paris, Marseilles and Nice). The selected newspapers are:

- * Paris – Le Parisien, and Le Nouvel Observateur
- * Marseilles – La Provence, and Marseille Plus
- * Nice – Nice Matin, and Metro Cote d’Azur

The newspaper entries will be posted on the Sunday newspapers every week for the first four months, and then every other week after that.

3. 1. 3 MESSAGE

The message that will be communicated through these advertising media is that Link Samahan is a completely natural, herbal drink that can not only be used as a health drink, but also as an herbal medicine that can cure common colds and similar ailments.

The message will also convey that Link Samahan can be made instantly and comes in various flavours and is available in a range of supermarkets and retail stores.

The tag line that has been used to convey this message more effectively is:

“ Link Samahan – 100% natural, safe and effective,

You’re instantaneous, 2-in-1 herbal drink and solution to common colds”

The tag line in French will be as follows:

“ Link Samahan – 100% normal, sûr et efficace, vous êtes instantané, la boisson 2 in-1 et la solution de fines herbes aux colds communs”

3. 1. 4 COST

The average cost of advertising for each medium in France is indicated below:

* 30 second television advertisement – \$ 1, 400

* 30 second radio advertisement – \$ 900

* Full page magazine advertisement – \$ 1, 250

* ¼ page magazine advertisement – \$ 580

* Newspaper advertisement – \$ 50

Therefore, the total estimated cost of advertising Link Samahan in France in the first year is:

* Television advertisements

$(\$1,400 \times 3 \text{ times a week} \times 4 \text{ weeks} \times 3 \text{ months}) + (\$1,400 \times 1 \text{ a week} \times 4 \text{ weeks} \times 9 \text{ months}) = \$100,800.$

· Radio advertisements

$(\$900 \times 3 \text{ times a week} \times 4 \text{ weeks} \times 4 \text{ months}) + (\$900 \times 1 \text{ a week} \times 4 \text{ weeks} \times 8 \text{ months}) = \$72,000.$

* Magazine advertisements

$(\$1,250 \times 3 \text{ months} \times 6 \text{ magazines}) + (\$580 \times 9 \text{ months} \times 6 \text{ magazines}) = \$53,820.$

* Newspaper advertisements

$(\$50 \times 4 \text{ times a month} \times 4 \text{ months} \times 2 \text{ newspapers} \times 3 \text{ cities}) + (\$50 \times 2 \text{ times a month} \times 8 \text{ months} \times 2 \text{ newspapers} \times 3 \text{ cities}) = \$9,600.$

Therefore, the total estimated cost to be incurred by Link Natural in advertising Link Samahan in France is \$236,220.

3.2 Sales Promotion

According to (Lewis, 2003, pg. 132), “ Sales promotion is used in a variety of markets and in a variety of ways. Short term activity designed to achieve an increase in sales of the company’s goods or services maybe achieved through discounting of other incentives”. Since, Link Samahan is considered an FMCG, sales promotions can be considered an important aspect of the promotion mix.

3. 2. 1 OBJECTIVES

The main objective of using sales promotion for Link Samahan is to boost short term sales. Other objectives of sales promotion include:

- * Facilitating the introduction of the new Link Samahan product through free samples
- * Attracting, creating awareness and interest in first time buyers and other customers regarding the product
- * To maintain sales during different seasons (since Link Samahan can be considered a seasonal product)
- * Increase long term market share by being a strong competitor

(“ Sales Promotion; Business studies”, n. d, pg. 117)

3. 2. 2 FREE SAMPLING

At the introductory stage, this will be the most important sales promotion to be adopted by Link Samahan. The company will provide free samples to customers at strategic points in the selected retail stores, supermarkets and health spa's.

Free samples will enable the customers to taste the new product, become aware of it and develop an interest towards consuming it.

3. 2. 3 COMPETITIONS AND PRICE DRAWS

According to (“ Sales Promotions”, 2009), “ Competitions and price draws can be put in newspapers, magazines, on the TV, radio, Internet, and on packs”.

The main competition that will be held to promote Link Samahan is: to cut out a specified side of the Link Samahan product box, collect four of these cuttings and post it to a given address. 2 free 100g bottles of Link Samahan will be given to the winner of the competition. This competition will be advertised in the newspaper and magazines.

Other competitions held on the internet would include: writing a short description of the unique taste of Link Samahan, and the winner of the best description would receive 2 free 100g bottles of Link Samahan.

Such competitions would encourage the customers to purchase, and re-purchase the product, hence increasing short term sales. The internet competition will further enable the company to identify its brand loyal customers, and have a direct insight to the perception of Link Samahan by the mass market.

3. 2. 4 BUY-ONE-GET-ONE-FREE (BOGOF)

Link Samahan will have a “ Buy – two 100g packets – and get one 50g bottle of Link Samahan free”. This will take the consumers out of the market to finish consuming the product, and also encourage immediate purchase because as they will receive an extra 50g for free.

3. 2. 5 COSTS

Free sampling and competitions are of lesser cost to the company. “ The buy-2 and get 1 bottle free” promotion has a relatively fixed cost. Therefore the estimated cost of sales promotion of Link Samahan to the company is \$50, 000 (Refer budget for the break down of sales promotion costs).

3.3 Personal Selling

According to (Steinhoff, 1979), “ Personal selling includes all activities and characteristics of an individual salesperson that result in successful sales. The basic steps to successful personal selling is as follows: 1) identify the most prospective customers, 2) obtain those customer’s attention, 3) arouse their interest, 4) overcome their objections, 5) create and encourage desire for the product, 6) close the sale, and 7) follow up the sale to be assured that the customer is satisfied”.

For Link Samahan, personal sellers will be used to sell to both business-to-business (B2B) and business-to-consumer (B2C) customers.

§ Business-to-business consumers:

The company will send sales representatives to the selected retail chains, supermarkets and health spa’s to convince the management that Link Samahan is a profitable product to sell to the end consumer. The personal sellers must inform these businesses of the benefits that the end consumers will get, and the increasing demand for herbal infusions. Furthermore, once the sale has been concluded the Link Natural personal sellers will follow up the sale to ensure that the sale was a success. This would encourage future business dealings and overall satisfaction to the B2B customers.

§ Business-to-consumer customers:

Personal selling is a vital aspect of the promotional mix in order to boost sales and make the introduction of the product a success with the end consumers. Sales representatives will be allocated in the selected retail stores and supermarkets in strategic locations and they would encourage the customers to consume a sample of Link Samahan. Also, since it is a face-to-

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face interaction the sales representatives can clear any queries that the customers may have, and also make the customers aware and inform them of the numerous benefits of consuming the Link Samahan infusion.

3. 4 Other Promotional Tools

§ Trade Shows:

“ Participating firms at a trade show pay a fee to rent a booth in which to display their products. Such shows attract crowds to visit, evaluate, and buy the products on display”, (Steinhoff, 1979).

Link Samahan will rent a booth in the following trade shows (held once a year) in selected locations, which would enable the company to promote the Link Samahan product and provide free samples and increase customer awareness.

§ PARIS:

1. LES THERMALIES – A water, wellness, thermalism and thalassotherapy exhibition
2. NATEXPO – Trade show for organic, fitness and health products
3. VIVEZ NATURE PARIS – Bio agriculture and natural products fair

§ MARSEILLES:

1. ARTEMISIA – Wellness and natural products expo

(“ Health and nature trade shows in France”, n. d.)

4. 0 DISTRIBUTION: (from origin to destination)

4. 1 Port Selection

France is well known having some of the best known harbours in Europe as it borders the Atlantic Ocean, as well as the Mediterranean Sea. Link Natural will be choosing Vieux Port situated in Marseille to transport the goods to France from Sri Lanka.

This port has primarily been selected as it is one of the most easily accessible harbours in France, and also since it is situated in Marseilles which is one of the main cities chosen by the company to distribute Link Samahan in. Furthermore, the distribution to Nice and Paris from Marseilles is made easy by the numerous transportation methods available that link these cities.

4. 2 Mode Selection

The basic modes of delivering goods to France are by air or sea. One of the main advantages of air travel is the time factor as the goods can be delivered within a couple of days. Although France has more than 400 airports which operate domestically as well as internationally, if Link Natural chooses air travel as a mode of transportation, the company will have to bare extremely high costs in transporting Link Samahan to France.

On the other hand, travelling by sea is less costly compared with air travel but it takes approximately 20 – 25 days to reach France from Sri Lanka. Considering the cost factor, as well as the fact that the shipments will only need to be made twice a year, Link Natural has chosen shipping (sea) to transport Link Samahan to France.

Once the goods reach Marseilles, they will be transported to Paris and Nice by means of train cargo (railway), and, will be distributed to the retail stores, supermarket outlets and health spas through trucks and goods containers.

4. 3 Packing

The Link Samahan sachet is moisture-proof, triple laminated and is packed in a cardboard box each containing 25 sachet packets, 4grams each with a net weight of 100g a box. These features will protect the product and refrain from the Samahan content being contaminated.

However, special attention should be given when placing them in the carrier containers in order to avoid damages to the outer package. Therefore, when being packed into containers and cargo for transportation, 100 Link Samahan packets will be packed together in a box which is air tight and waterproof for the safety of the products, as well as easy stacking and unloading.

4. 4 DOCUMENTATION REQUIRED

1. International Commercial Invoice

This document is a bill provided by the seller to the buyer, printed on the company letterhead, and signed by an authorized official in the company. The basic details included in the bill are the place and date of the preparation of the invoice, shipment method, the quantity of goods and payment methods etc. (“ France Trade Regulations and Standards”, n. d.)

2. Bill of Loading

Bill of loading is a document which states that the owner of the goods has a contract with the carrier, (“ France Trade Regulations and Standards”, n. d.)

3. Certificate of Origin

This document has to be provided to declare that Link Samahan is produced in Sri Lanka. It is not necessary to present a certificate of origin but according to (“ France Trade Regulations and Standards”, n. d.) it is strongly recommended to be safe to have the document at hand at the point of arrival in France.

Apart from the above mentioned documentation it should taken into account that, a banking intermediary should approve export transactions which are exceeding €250, 000. Furthermore it is important that all documentations are provided to avoid any unnecessary predicaments.

4. 5 INSURANCE CLAIMS

It is important that all damages that may occur during shipment and transits are covered by an insurance claim. As means of this factor, Link Natural will be obtaining insurance claim for Link Samahan by a Sri Lankan freight forwarder. The insurance claim will cover all areas such as warehousing, transiting, packing and clearance. Other details regarding insurance will be explained when determining insurance costs further on in the report.

4. 6 FREIGHT FORWARDER

Link Natural has chosen Aitken Spence Shipping Services Ltd., a leading conglomerate in Sri Lanka as the freight forwarding company which will be responsible for the shipments of Link Samahan to France.

5. 0 CHANNELS OF DISTRIBUTION

5. 1 RETAILERS FOR LINK SAMAHAN

Link Samahan will be distributed through three international retail chains, which are namely Auchan, Coop and Carrefour. Since it is a consumer good,
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it is vital that the maximum reach is obtained among the target market.

Therefore, these retailers have been specifically chosen by Link Natural as they have a large network of outlets throughout Franc.

Auchan is an international retail group and has 116 hypermarkets located in France according to (“ Shopping in France”, n. d.). Also, the French owned Carrefour is the world’s largest hypermarket chain in the world. It has 1021 supermarkets, 218 hypermarkets and 3245 convenience stores all around France. (“ Carrefour Annual Report”, 2007, pg. 34)

5. 2 IMPORT/EXPORT AGENTS

Link Natural has chosen AWU (Pvt.) Ltd., a French based import/export agent to take charge of transaction between the company and the selected French retailers.

5. 3 WAREHOUSING

Warehousing is an important aspect that must be looked into by Link Natural since the Link Samahan stocks will be shipped only twice a year and would require adequate warehousing till they are distributed in due course to the selected retailers.

The company has therefore chosen Schmid & Kahlert, which is a French Warehousing company with over 170 years of experience, and their main business activities include removals, relocation, sea freight and bonded warehousing, (“ Europages; Schmid & Kahlert”, n. d).

6. 0 PRICE DETERMINATION

There are various factors that are taken into consideration when determining the selling price of Link Samahan. These factors include:

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6. 1 Cost of shipment of goods

Since Vieux Port in Marseilles is the largest port in France, (“ Marseille Cruise Port”, 2009), it has been decided that the goods will be shipped from Sri Lanka to Vieux Port.

In (“ Ease of doing business”, 2009), France has been ranked 22nd in the world as being easy to trade across borders. Accordingly, the approximate cost to export to France will be \$1, 708 (per container). Link Samahan stocks will be sent only twice a year (every 6 months), since the expiry period for the herbal product spans 2 years. This would amount to 68, 000 packets of Samahan with a net weight of 6800kg.

According to (“ SR International Logistics”, n. d), the tare weight for a standard size '40 container is 3, 700kg. Therefore Link Natural Company will use 2 standard size '40 containers to ship the goods to Vieux Port in Marseilles, France twice a year.

Hence the total cost of shipment of goods for the year 2010 = (4 containers X \$1, 708) = \$6, 832.

6. 2 Transportation costs

Once the Link Samahan stock arrives in Marseilles, Vieux Port, they will be distributed by train to the cities of Nice and Paris. Then the products will proceed to be distributed to the retail stores, supermarkets and health spas by way of trucks or goods containers.

According to (“ Veolia Cargo News”, 2008), “ Veolia Cargo is a transportation service within France, where the Link Samahan shipment will be transported

from the Marseilles port to Paris and Nice in high quality rail tankers which includes strict policies on food hygiene”.

The total transportation cost for train cargo and truck for the year 2010 will be approximately \$2, 400.

6. 3 Handling Expenses

These are the expenses that will be incurred when dealing with unloading the goods, stacking into shelves, warehousing etc. Since Link Samahan will not be a breakable or heavy product to handle, the handling expenses will be relatively low, an amount to \$650 for the year 2010.

6. 4 Insurance costs

According to (“ Total loss coverage”, n. d), “ goods being transported will be under a total loss insurance which would apply to the entire shipment resulting from risks such as: collision, overturning or other accidents to the truck, ship or train, sprinkler leakage, floods, earth quakes, derailment etc”.

Since the content of Link Samahan can be spoilt by exposure to access water, heat, ice etc, the insurance costs will be quite high. The total insurance cost for each shipment will be \$1, 200, which would amount to \$2, 400 for the year