

# Int marketing flashcard



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While providing laity food at moderate price, this cafe chain is committed to offer a pleasant service dining experience for customers in a comfort interior concept of outlet. The company has been growing rapidly as they have expanded internationally for the past five years. 1. 2 Corporate objective and goals Secret Recipe new objective is entering foreign markets especially ones with big competitive environment like Japan. Entering and surviving in this market will not be applicable unless a deep and consistent analyses and research be done.

These studies must cover target market segment and positioning strategy, market entry treated, product, distribution, pricing, and promotion strategy in order to compete and stay successfully in Japan's market. 2. 0 Target Market: Japan 2. 1 Target market description The aimed foreign market was selected in accordance to its strength, size and growth rate for the past years. Being sensitive to elegance and modern lifestyle made Japanese a crucial target for this modern cafe chain.

They owns one of the world's largest economies and consumers, and the fourth largest by purchasing power parity due to the high standard of income and following by a powerful middle (World Bank, 2014). For instance, Taking advantage of the urban expansion such as high number of shopping centers can be helpful for secret recipe outlets. According to World Bank, Japan with a high concentration in population of 127. 6 million, it is one of the biggest market in East Asia. In terms of currency, Each JP Panels Yen) is converted approximately 0. ARM (Malaysian Ringing) and this rate is quite stable. 2. 2 Major Challenges Clearly, Secret recipe might faces obstacles on their way to entering Japanese market. It is crucial that the firm can overcome these

challenges in order to sustain in this market. Since Japanese lifestyle is different to the firm's local lifestyle, revision of the new lifestyle and doing the necessary amendments is the major challenge that the firm might face throughout their whole process from investment to operation. Cultural differences is another vital challenge for the firm upon entering the new market.

The cafe chain must adopt certain cultural concepts and they might need to change or edit their type of design, language and style.

### 3.0 Initial Marketing plan

#### 3.1 Target Market segments

The firm shall initially use country's information to segment the target market. This Pacific buyers segment might be chosen based on their economic structures, cultural and etc. Which they will have homogeneous characteristics and similar buying manners. Accordingly, Secret Recipe chose the middle and upper class segment of the Japanese market based on their economic position (well-paid salaries) and regardless of their age.

This segmentation helps Secret Recipe to gain the most benefit from its customer.

#### 3.2 Positioning strategy

Secret Recipe must be certain that their brand position in the Japanese market is beneficiary. Positioning is the core of the initial marketing plan for the firm due to the high rivalry in Japanese Food and beverage market. This positioning in market should be in all aspects of brand, product, pricing and etc. For instance, Secret Recipe can gain advantage by using their domestically and regional (Southeast Asia) success in order to infiltrate the market and fulfill their brand positioning.

Moreover, the firm can focus on their family oriented and also being individual oriented at the same time which is offered with an affordable price. It is shown how they can gain advantage and compete in the market environment in the figure below: Figure 1: Perceptual Map for Secret Recipe

#### 4. Market Entry Strategy

##### 4. 1 Franchising

It is essential to carefully analyse different form of market entry strategies as they will play a major role in determining the success of Secret Recipe in Japan.

After critically analyzing different market entry options that are available through cost-benefit analysis. Franchising has appeared to be the most appropriate form of marketing entry for Secret Recipe in Japan. Franchising is defined by international franchise association as a continuous relationship between the franchiser who provides licensed privilege to conduct business, including assistance support in training, reconsidering and management in return for royalties and fees (IF, 2014).

Franchising is beneficial to Secret Recipe as its one of the fastest way in expanding its outlets at low risk. Through franchising Secret Recipe will require low capital investment and labor as the franchisee will provide both. Secret Recipe will have the uniformity of procedures which will provide consistency, efficiency and quality. The franchisee will typically be self-motivated as the have invested capital and time thus will work hard to ensure the franchise is a success (Seen, 1998).

Furthermore, the ranches will have experience and knowledge about the local market and management that will assist Secret Recipe in setting up ultimate strategies to operate in Japan (Seen, 1998).

#### 4. 2 Consideration

Despite of the benefits franchise has, Secret Recipe needs to be aware of the problems associated with franchising and how to overcome the problems effectively. One of the most difficult aspect about franchising is selecting the right candidate to be the franchisee. Secret Recipe need to set criteria in identifying potential successful franchisee.

Secret Recipe needs to ensure the franchisee is compatible tit Secret Recipe business practices (Adams & Jones, 1990). Secret Recipe should attend Tokyo Franchise show that invites companies that are interested in acquiring franchise rights as this would be an ideal place to find the right candidates for master franchise agreement. The risks associated with unqualified franchisee will damage Secret Recipe's reputation . Secret Recipe should also Join the Japan Franchise Association OFF) that has code of ethics to ensure its members are of the highest standards.

The SFA does also assist in providing training and offer education bout the Japanese business environment to help the franchisers and franchisee operating business smoothly OFF. 2014). Last but not least, Secret Recipe is required to have continuous effort in controlling and monitoring franchisee practices to ensure they operate in accordance with standards and procedures (Reference for Business, 2013). 5. 0 Product Strategy 5. 1

Adaptation In the regions Secret Recipe has been involved in it has been offering high quality food and at the same time adapting to the local taste.

The adaptation of its menu is one of the main reason that has made Secret Recipe a success in different countries Off, 2012). Secret Recipe understanding of the difference of taste, preference and requirement of the

Japanese market to the one in Malaysia will be crucial in shaping their menu to serve the Japanese market better. In consumer product the need for adoption is high compared to industrial or technological intensive product (Simians, Bradshaw & Abracadabra, 1993). Therefore, Secret Recipe should use the “ think global act locally’ strategy. 5. Application of Adaptation

Without doubt adaptation is necessary but Secret Recipe needs to keep its core products as for instance, McDonald will always have burgers on their menu or KFC having fried chicken. Therefore, Secret Recipe should keep its high quality gourmet cakes but also introducing new types of cakes such as Sushi cake. The Japanese people are considered people to have longest life expectancy in the world with an average of 86 years for women and 79 for men (Roswell, n. D. ). The Japanese are also considered to have one of the lowest rates in obesity and in chronic disease such as heart disease.

This is due to Japanese healthier diet. Secret Recipe needs to understand how Japanese people are serious in their diet and that they will require healthier options (Roswell, n. D. ). The food has to be less greasy compared to current offering in Malaysia. Secret Recipe needs to reduce the sugar in its food especially in the cakes. As on average a Malaysian person consumes 40. 18 kg per person per year whereby a Japanese person consumes 27. 82 kg per person per year (Wrong-headedness’s, Pepper, Janssen, & Gainsaying, 2014). This clearly shows the difference in taste and preference between the Japanese’s and Malaysian culture.

With other factors that cannot all be listed in difference of the Malaysian and Japanese market. Secret Recipe needs to know the difference and be able to modify TTS core, actual and augment products to suit the Japanese market.

6. 0 Distribution Strategy It is vital for Secret Recipe to create strong distribution strategy that will deliver its food and services to its customers in an efficient and effective manner. Location or method are important factors if not the most important in distribution strategy for Secret Recipe (Polo-Redound, Broadband-Just,& Palace's, 2011).

Follow the customer strategy is one way in helping determining where to locate the outlets. Secret Recipe needs to consider the location of the restaurant if it is in line with its target market ND required environment that will also be in line with Secret Recipe concept design and offerings. Secret Recipe can open its outlets in busy shopping areas such Harmful, Shabby and Shinnies in Tokyo, Japan (Please refer to the below map) (McClure, N. D). Len opening in this busy area Secret Recipe will be exposed to high amount of foot trafficking which will have high amount of potential customers.

Another suggested location would be in Tokyo International Airport as this can be considered intense distribution strategy as the airport is one of busiest place in Tokyo thus allowing the restaurant to operate 24 hours to achieve maximum sales or distribution per outlet (Busiest airports , 2012, Mar 27). 7. 0 Pricing Strategy According to Fletcher & Crawford, (2011) there is only one component in the marketing mix that would generate revenue for the firm, which is price. To come out with a suitable price for Secret Recipe in Japan, there are a few factors that need to be considered.

Firstly, the external environment of the said market will greatly affect the price charged for the food and beverages that Secret Recipe has to offer (Fletcher Crawford, 2011). The introduction of this report has shown that

Japan is a mature economy due to its status as a developed nation and this is coupled with a high purchasing income parity whereby Japan is the fourth highest in the world. Japan has managed to brace the impact of the global economy crisis that has affected the world relatively well. However due to global crisis, Japanese Consumers has become more value – conscious and focus on saving whenever they can.

They have conditioned themselves as resourceful and disciplined consumer. (Denominator, 2009). Because of his, Secret Recipe needs to make its offering to be affordable for the targeted market, which is the middle and upper class segment of the Japanese Market. Focusing at the consumer factor, Japanese consumers value new food experience highly and this has been embedded in their culture as a national culture. This however has been affected by the slowing economy. Despite that, the Japanese consumers are still keen to try new challenges and different experiences with their food.

This is also seen in the demographic of over 50 years old as they believe this would have positive effect to their wellbeing. Other than that, Japanese consumers also has shown strong interest in well-designed cafe, hence it is imperative that Secret Recipe serve this need in order to maintain a profitable price. (Web-Japan, 2009). Due to the nature of the product offering of from different international cuisine and cultural background, it is possible for Secret Recipe to charge a slightly higher price than the average restaurant in Japan.

This is also necessary, as the ingredients needed by the restaurant may have to be imported from outside of Japan. Because of the nature of the



operation whereby Secret Recipe would be operated as a franchise, the price would be the same for most of the outlets, except for the Tokyo Airport as they have to incur additional airport tax expenses.

**8.0 Promotion Strategy**  
Internationally, Secret Recipe is known for their cakes and offering of multiple food from different background. There are six steps in promotion communication (Fletcher & Crawford, 2014)

**8. Process** Isolate the marketing communication issue Secret Recipe is new to the Japanese Market and due to this, the brand awareness is quite low. Hence it is best for Secret Recipe to concentrate their effort in building awareness of their brand as part of the marketing strategy. This, couple with a very mature Japanese Food industry would make it imperative to differentiate itself. Identifying the target market As discussed in the earlier part of the report, Secret Recipe is targeting the middle and upper middle income class where the customers are more affluent economy wise and also more daring in trying new food experience.

Defining clear communication objectives (Belch & Belch, 2009) advocated the use of consumer conversion as a guideline. This is an idea of how Secret Recipe should penetrate the Japan Market.

**Table 2: Marketing Communication Objectives of Secret Recipe in Japans.**

Objective	Percentage of Target Population Conversion	Duration
Promoting brand awareness	6 months	
Generate Interest	1 year	
Promote Brand recall	Instigate Trial	25%
Achieve Preference	Realize Repeat buying behavior	5%

**Figure 1: Levels of Consumer Conversion** Source: Belch, G. E. , & Belch, M. A. (2009).

Advertising and Promotion (8 deed. ).

New York: Managerial. Using Creative Strategy Secret Recipe should focus on delivering the same message that they has employed at other countries but

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with a localized message focusing more on the Japanese culture. Japan has a highly active creative culture hence it is good if Secret Recipe can take advantage of this preference to promote their brand. Secret Recipe's Branding Secret Recipe has a trademark of cursive writing on red background or either red cursive writing on a white background. In Japanese culture, red is considered as the sun and this has a heartfelt relationship to the consumers.

**Advertising** Advertising in Japan should focus on the variety of the food that they serve and their core business which are cakes. To do this it best if Secret Recipe use social media to promote their product and upload videos on YouTube and make their own social account to cater to the Japanese Culture. **Promotion Activities** Adding on the advertisement part, promotion can be done via social accounts and also Line, a local messaging service highly used in Japan. A good strategy is to introduce coupons and blast promotional messages using these accounts.

This would definitely attract the younger crowd and the more affluent people, targeted here. Public Relations Food industry is a highly service oriented, hence it is important for Secret Recipe to obtain feedback from customers and build relationship with the customers to generate brand loyalty and strong image to the customers. This way, the customers will feel valued and the feedbacks can be used to come out with better service and new products. 9. 0 Forecasted Sales Revenue and Expenses 9. 1

**Assumptions** - Royalty revenue are derived from the royalty fee paid out by the Japanese Franchisee. The revenue was calculated using the average profit of a typical Secret Recipe operation: And are supported by the analysis

of current economic conditions identified during the environmental analysis in the earlier part of the report. – Administrative Cost are necessary expenses from the management of the operation, main paperwork. – Staff Training have cost Secret Recipe a lot in the first year due to heavy staff training required and would trickle down in the next years. – Legal advice are also expected to be slightly higher in the first year of establishment in order to facilitate the opening of the franchise operation.

It is expected to trickle down in the following years. – Tax rate for enterprises operating in Japan is relatively high at 42%. This would allow the franchiser to transfer 58% of the profit back to Malaysia (Venture Japan, 2014). – Cost of acquiring franchisee include the cost of market research, location scouts and interview with prospective franchisee in Japan. Return on Investment is obtained via net profit divided by the expenses incurred in the same year.

10. 0 Conclusion Throughout the following report, the marketing plan and process were analysed and discussed in details.

Secret Recipe, the cafe chain outlet, must consider and study target market segment and positioning strategy, market entry strategy, product, distribution, pricing, and promotion strategy prior entering the Japanese market. They have targeted Japanese middle and high class of income regardless of their age and positioned their brand and product in a way to gain the most number of customers. Since, the targeted market is considered as a virgin territory for Secret Recipe, franchising is the best option available for them to enter the market.