

# International plan exporting feta cheese in germany marketing essay



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This project deals with the family company “ KS FETA”, which has to do with the production and distribution of Greek feta cheese in a wide network of channels. Since, the company wishes to export its product internationally it has selected to do so within the region of Germany. Therefore, the purpose is to create an international marketing plan so as to clarify the outlook of Germany concerning its culture, political and legal risks, economy and its business opportunities. Furthermore, there will be a more thorough analysis of the market through referring to its trends and needs and concerning its size and lifestyle. Moreover, a reference to the profile of the prospective buyers of the feta cheese (therefore referring to a B2C market) and to the channels of distribution that are available within the new market, will be made.

An analysis of the company’s competitors and of the product will be made, both domestic and foreign. In addition to that there is will be a thorough analysis of the entire marketing mix, where the target markets addressed to will be mentioned together with the product itself and its main characteristics/ingredients and of course positioning within the market through mentioning also its USP (unique selling point). Also, the packaging of the product and its branding and benefits will be mentioned so as to be taken into account for the consumers addressing to.

Finally, elements of price and promotion are mentioned and clarified and the level of customer service and the new distribution channel will be also chosen and analyzed to a certain point. Through the creation of the international marketing plan there will be a clarification as to how Germany will react to such a new product and how the expansion strategy will be a

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benefit for both markets (Greece and Germany) or not. It is already considered a strong asset since Greek feta cheese is a traditional cheese with unique taste and healthy ingredients that many consumers are delighted to buy and taste.

## **Country Outlook**

Germany is a federation made up of 16 federal states within Central Europe, where each of these states has independent if constrained state authority and that is why Germany is considered to be the 4<sup>th</sup> of the largest economies globally. The total value of exports-dispatches, excluding oil products, in February 2011 amounted to €1. 181 million in comparison with €1019, 8 million in February 2010, recording an increase of 15, 8%.

## **Cultural Environment**

The cultures of the two markets chosen are completely different. On the one hand there is Germany that from its history and leaders it follows all rules in anything they do. While, on the other hand, there is Greece which is the exact opposite since its people are far more liberal and although the government might constitute several rules that need to be obeyed, many Greeks are the ones that do not follow them.

But the fact that Germans are considered to be more straightforward and to the point makes it even more challenging for the Greeks to communicate with them. And this is where the entire beauty falls under concerning the exporting of the famous Greek cheese in the region of Germany.

## **Economic Environment**

Both Greece and Germany consider having a socio-economic environment, with the difference that economically Greece is not powerful to invest, either on a national or an individual level, while Germany is the exact opposite.

More specifically, Greece has over 11 million inhabitants (June 2009) and the level of urbanization is 60.1%. It has a GDP of €117 billion or €11.700 per inhabitant, which is far below average to European countries. On the other hand, Germany has over 81 million inhabitants (82 million in the end of 2009), and the level of urbanization is high to 87.5%. Germany has a GDP of around €2.500 billion or around €27.000 per inhabitant which is average, compared to other EU countries (seniorwatch.de, 2011).

A matter that is important to mention falls under the fact that concerning the current economic situation of Greece, Germany had many times showed a real help or a real enemy for the former country.

But of course, feta is a cheese that is widely known in many countries, such as German, and there is a high market opportunity of having this exporting to be considered as a huge success for both markets and for the privately owned Greek company “KS FETA” (the company’s SWOT analysis is within the Appendix that will be helpful for the new market that it is about to enter).

Concerning any trade barriers, it is important to mention that there are no longer internal borders between the EU member states. Therefore, there is no need to make customs declarations and this means that the company needs to deal only with its own tax authorities.

## **Legal/Political Risks**

Concerning the political system of Germany, there is the Basic Law that is a successful model depicting freedom and stability. The primacy of the basic rights, the definition of the principles of a democratic and social federal state and the foundation of a supreme court are basic cornerstones of the German democracy.

Furthermore, it is important to mention that the EU has established the PDO (Protected Designation of Origin) so as to be able to protect specific products, mainly agricultural or traditional ones, within the region of Europe and far from any foreign competition that might establish similar products (EU Commission, 2011). As mentioned within Wikipedia Encyclopedia (2011), “ Since 2002, feta has been a protected designation of origin product.

According to the relevant EU legislation, the cheeses that can be named after “ feta” are “ only those cheeses produced in a traditional way in some areas of Greece and are made from sheep’s milk, or from a mixture of sheep’s and goat’s milk (up to 30%) of the same area”.

Since, Germany is considered to be a huge market with stability in its origin and in its businesses it is a safe environment to flourish with minimal political risk and little corruption against any new company, especially international one, such as “ KS FETA”.

## **Market Analysis**

### **Market Description**

Germany is an attractive center for foreign investors, since the FDI stood at US \$630 billion in 2007, which is a huge amount. The population of Germany

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is 82.3 million inhabitants (of which 42 million are women), therefore it can be said that it has the largest population of any EU member state.

Therefore, a pretty good size of the market would be around 50 million inhabitants that would probably turn positively in the new product that will be exported in their country.

The profile of the prospective buyers has to do with their customs and traditions and of their age and gender. They can be divided into age groups of below 18, 18-25, 25-40 and 40+. According to a report in 2006 (Milch & Markt-Dairy Data-Refer to the Appendix), the cheese market is growing, where a production record of 2.1 million tones was achieved. In Germany, the average German citizen consumed 22.5 kilos per head. Therefore, these are the prospective buyers for FETA cheese.

Concerning the market trends and the consumption characteristics of the Germans, they are completely full with the idea of living in a healthy way and eating nutritional food that will give them energy and vitamins and magnesium that are important, especially for adolescence and for more elderly people (as mentioned in the EBSCOhost - Refer to Appendix).

In the EU dairy sector, given the remaining high protective tariffs and the quota system, the main factor that drives dairy product market prices is the demand. The results show a decreasing consumption of butter and fluid milk and an overall growth in protein and fat consumption. Nevertheless, the increase in fat consumption should be more moderate than the consumption of protein. The results also show that the demand for dairy products is

relatively price inelastic but is more sensitive to changes in income (especially for butter and cheese categories).

Therefore, it is needless to mention that Germany is a country that cheese is always within their food and their way of living, referring to their production of many dairy products among which many types of cheese. There is high demand in this type of sector and that is why it is considered a real strong market opportunity to export cheese within Germany.

As far as the logistics-distribution matter, which is also crucial, Germany boasts a highly developed infrastructure with dynamic growth. The railroad network is some 41, 000km long and there is 230, 000km of roads.

The available distribution channels within Germany include convenient stores, supermarkets/hypermarkets, restaurants, bars, hotels, universities, mini markets. Of course there is the need of an intermediary that will be the key person that will make all the agreements between the “ KS FETA” company in Greece and the retail distributors in Germany. This will be a logistics company “ Delatolas Express Cargo” that will be handling the entire procedure of the product’s shipping which will lie over the cost of €4. 000 as a pay-load for the check-in within the warehouses of the retailers, that the company shall make agreements with, for every 25 tones delivered.

## **Competition**

As mentioned in Wikipedia Encyclopedia (2011), there are such companies that include similar white cheeses and are produced outside the EU. The difference of these cheeses with feta cheese is that they are often made

partly or wholly of cow's or buffalo's milk and not from sheep that feta is produced up to a 30%.

Competition is fierce, since there are many white cheeses that select similar ingredients of feta in order to be created and these make their taste almost the same.

The two most important competitors within Germany are Arla and Danone and Tetra Pak has started with bottled milk, therefore it not far away of making also other steps towards the cheese category. Further information for the competitors that might be encountered can be found within the appendix where two important sources have given great value.

The strengths of these two important competitors include that they already have their brand awareness and their customers, and a new product is always difficult to enter in such a great market. But the weakness of these competitors is that FETA cheese is a unique type that at least can be declared that it contains more nutritional value than others and a more traditional value than the others.

## **Marketing Mix**

### **Target Markets & Objectives**

The target markets that “KS FETA” shall focus on will contain of people within age groups of 18-30 and 30+, which are the ones that consist of the teenagers and adult ones that consume most of the time dairy products in general. Teenagers need to consume cheese since it helps them for their



bringing up and adults for their health, especially the most elder ones that might have health issues, such as osteoporosis.

The marketing objectives will consist of the following:

Focus on the idea that this new product is traditional and it is produced by nutritional ingredients

Create awareness of the feta cheese to consumers, especially our target market so as to build brand loyalty

Trial of the feta cheese among opinion formers, through sampling

Build the image of the "KS FETA" so that the Germans will realize that the new product coming from another country is healthy

Gain market share from other German companies with dairy products, especially the ones creating cheese

## **Product**

Feta cheese is a "brined curd cheese that is traditionally made in Greece".

Its origin was taken from the Italian word "fetta" (slice) in 17th century and it is considered to be a symbol within the Greek foods and it is a must in all restaurants and celebrations since it can be combined with any type of food.

It is a soft or often a semi-hard cheese and its flavor is rather salty ranging from mild to sharp.

The brand name will remain the same as in the Greek market "KS FETA" so as to create even larger awareness and its logo will be "Nutritional for all".

The positioning of “ KS FETA” cheese is that it offers unique and healthy ingredients within its production and it is also considered a national type of cheese for Greece that tourists really give credit to.

Concerning the packaging, all dairy products mostly use similar elements for the creative part and for the material used in order to create their packaging. Such elements are considered to be light colors, such as white, blue, green and yellow and the material that it is being created is totally recyclable and therefore it is addressed mostly to those that are environmentally oriented.

**All colors and materials used represent nature and that the product is healthy, traditional and unique. Also, the color of white is commonly used, so as to show that the product is also pure.**

### **Price**

The price of “ KS FETA” will be an average of €2 per kilo sold to all distributors and it can reach a retail price up to €4 per kilo, since it is around the average price of the German cheeses and of those that exist in Greece. Therefore, all retailers will have a great profit out of it for every kilo they sell.

Of course it is important to mention the concept of market segmentation where there might be minor price changes concerning the fact that different groups have different interests, tastes and of course gender (product-price differentiation).

## **Promotion**

The promotional part shall include means that would be primarily ATL, such as a TV spot or a print advertisement in cooking magazines and newspapers, where the purpose of it will have to do mainly with the characteristics and nutritional value of the FETA cheese. After that there will be also BTL activities (sales promo), where there will be sampling of FETA cheese within the S/Ms and the mini markets and there will be also packages-offers given to a better price, such as giving away €4 for 2 kilos of FETA, for a specific period of time of its introduction in the retail/distribution channels.

## **Place**

The main distribution channels of feta cheese will be the supermarkets and hypermarkets, where most consumers are able to purchase such product. As further channels are to be exploited shall contain mini markets and places such as hotels and restaurants, according to the need of growth that needs to be investigated after a period of time and continuous success.

## **Conclusion**

Through taking all the information gathered it is pretty obvious that Germany is economically stable and that is why it is considered to be powerful to invest in and this is the most important that the Greek market should keep in mind. Within the Appendix, there is the percentage of exporting in Germany, where within the first half of 2010 it has shown an increase of +17. 1% (€ 458. 3 billion) which is a really great number, especially in comparison to 2009 that was - 17. 9%. Moreover, there is also a graph mentioning the important trading partners that Germany has and

Greece is within the category of others, which has few lower percentage than the sum of all the other countries, since it is 46. 1%. Therefore, it can be concluded that through exporting a national Greek product in such a great and successful market it is difficult not to have success as a result.

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