

PRELIMINARY MARKETING PLAN



GROUP 5

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Introduction

This report was written by the students Hannes Trippler, Christian Dürr, Ricarda Scheele, Meriem Alci and Anna Gößmann as part of the course “International Marketing Management” at the International Business School Groningen.

Within the course the students had form groups in order to set up a preliminary marketing plan for the recently founded, Finnish company Greenstone. Furthermore it was the task to find a suitable way to distribute the company’s products - towels and bathrobes made completely out of bamboo - in the Dutch, German or British market.

This report focuses on evaluating the overall attractiveness of the British market, assessing the target customer profile and market segment, estimating the degree of competition within the market and develop a preliminary marketing strategy in order to successfully launch the company’s products in United Kingdom.

Executive Summary

The Finnish bathroom textile supplier Green&Stone seeks to expand its operations into other European markets. This preliminary marketing plan was developed in order to outline a penetration strategy for the British market.

Green&Stone is a recently founded Finnish company that supplies its customers with luxury and eco-friendly bathroom textiles made completely out of bamboo. With the aspects luxury, premium-priced, ecological friendly and “green”-orientated, Green&Stone wants to expand its operations and to become a reliable and leading supplier of bamboo bathroom textiles.

Within the British market, two market segments for Greenstone products were identified. These target market segments include the luxury hotel and spa market and a private consumer segment that is specified and presented in this report. The evaluation process for the private market segment included the identification of the attributes of the Greenstone products, the creation of important categories for the market segmentation with respect to the product’s attributes and the conduction of the market segmentation itself. As a result of this evaluation a preliminary market size and the target customer profile for Greenstone was identified.

Furthermore the competition for Greenstone on British market was analyzed and the categories online retail platforms, eco-friendly online retailers and direct marketing companies were determined as competitors with a similar company profile. As a result of this analysis it can be said that due to the great amount of internet trade and the fact that the competitors offer their bamboo products on a significantly lower price there is a realistic chance for Greenstone to penetrate the British luxury bathroom textile market.

Greenstone’s product policy reflects high quality standards and intensive customer care. Although the company was recently founded and has limited financial resources Green&Stone will try to offer reliable and co-operative services in order to meet the company’s goal of a successful market entry and the desired status of a strong and prestigious brand image. As the company is new to the British market it has to differentiate itself from the competitors. In order to meet this goal, the company will provide the customer with service policies during the initial attraction of the customer, during the actual selling process and after the products have been sold.

With respect to the current financial situation and the limited human resources of Green&Stone, different promotion strategies for the Greenstone were analyzed and a selection of the most applicable strategies is presented in this report. A distinction between private and business customers has been made and recommendations for future promotion activities are given in this report. As a result it can be said that embedded marketing in different locations is the most appropriate promotional approach for Greenstone in the current situation.

The company's pricing strategy, actually representing the company's aim of high-priced and luxury Greenstone products, was analyzed and recommendations for a change in prices for business customers were made.

The market entry strategy that is described in this preliminary marketing plan will support and ensure a successful penetration of the British market. Furthermore it provides Green&Stone with important information about future developments on the British market and gives advices for future decisions.

Methodology

Creating a preliminary marketing plan required a good organization, planning and a straightforward accomplishment of the tasks of every group-member.

When creating the preliminary marketing plan for the Finnish company Green&Stone, our group followed a well organized structure and benefited from the useful information provided by the country notebook which was introduced during the first of the weekly lectures of the International Marketing Management course at IBS.

The first and most important task after the group formation in the first lecture was to find valuable information on the country each group had to deal with. As decided by the lecturer Mr. Fitzgerald our group had to deal with the United Kingdom as the market that should be attempted to penetrate.

In order to undertake an in-depth analysis of the United Kingdom and its market, we decided to use the (research) outline from the country notebook. After reading through the information provided by the country notebook, we decided to divide up the work on the four general categories of the culture-, economic-, market audit- and competitive analysis.

Having gathered a lot of general information about the country, its population and the British market the actual research about the bathroom textile market and examination of the Greenstone brand and products started. We quickly noticed that the bamboo bathroom textile industry was already very widespread in the United Kingdom, however, there was no luxury provider for bathroom textiles in the UK. Seeing that especially the internet trade, which was the primary selling method of Green&Stone at this time, was already established and because of the variety of necessary up-to-date information we mainly used the internet for our secondary research.

Based on the general information that was gathered during the first weeks we divided up the work that needed to be done in order to finish the report. The tasks were divided up with respect to the research that was already conducted by each of the group-members in the beginning of the semester and we arranged weekly group-meetings in order to check everyone's progress.

Unfortunately it already turned out in the first weeks after we started to work on this project that there were a few factors that lead to an unbalanced distribution of the workload among the group-members which will be reflected by the grade division proposal.

The overall group process, however, was smooth and the members worked together on a basis of mutual respect.

1. Vision and Mission

The vision and mission of a company can be seen as a general guideline supporting the creation of a preliminary marketing plan. Moreover it helps to keep on track while setting up the marketing plan.

1.1. Vision

The vision for Greenstone in United Kingdom will be to supply the market with high-quality towels and bathrobes. Greenstone wants to be seen as a reliable supplier for upscale bamboo bathroom textiles, contributing to the satisfaction of each private and business customer.

1.2. Mission

The primary mission for Greenstone entering the UK market should be to fulfill the customer wants and needs best. Offering the right products and services and distribute them in the most economic and effective possible way is the second goal Greenstone should strive for. Moreover Greenstone should try to surpass the offers of the competition in the market and build up a stable customer base within the UK. The creation a reliable, sustainable and overall positive brand image and a loyal customer base is the main mission of Greenstone when entering foreign markets.

2. Company Objectives

2.1. Qualitative Goals

Green & Stone's business idea is to offer 100 percent organic bamboo textile products, mainly bathroom textiles, to customers that share the same core values with the company when purchasing products for their everyday usage: high quality, ecological friendly, sustainable and luxury. The company aims at differentiating from its competitors with a green and luxury product that is targeted to a niche market.

The overall goal of Green&Stone is to "become the leading provider of quality bamboo textile products in industries that value ecological thinking and sustainability, and the aim is to achieve a credible and reliable reputation as a company that provides quality bamboo fibre textiles"¹.

In order to reach this target, Green & Stone's wants to create an overall awareness for the company and its brand and to promote interest and recognition among the target customers. Furthermore Green& Stone aims at the establishment of a strong brand image that combines the idea of ecological friendliness with all the aspects that a luxury product implies.

The Greenstone products are exclusively designed in Finland in order to meet the Scandinavian quality standards and the typical Scandinavian taste.

2.2. Quantitative Goals

The desired sales amount of Greenstone products, or in other words the quantitative goals of Green&Stone has to be distinguished in short- and long-term goals.

As Green&Stone has not yet entered the British market, the desired sales amount is relatively small. The potential customers have to get in contact with the new brand and the products that are offered. The company's focus in the first year after the launch on the British market is definitely a successful market entry. Due to these circumstances the quantitative goals for Green&Stone in the first year are limited and a market share of 0.1 percent of the private household and one percent of the business market segment for Greenstone in the British market can realistically be expected.

¹ About Green&Stone

3. Target Segment

The overall increase of needs for ethical, eco-friendly and sustainable products is present everywhere in Europe. As the Ethical Consumer Report 2008 illustrates, there is a steady increase in purchases of “green” products in the UK, in 2007 the purchases increased by 15 per cent.² The green movement is on the rise.

This fact combined with the general affinity of the middle and upper class in the UK to strive for status symbols in order to achieve and enjoy a good reputation makes this specific market interesting for the goals of Greenstone.³ But who is the target customer and what is the market segment in United Kingdom that is most profitable and provides Greenstone with the highest growth potential? And what are the wants and needs of the ideal segment for Greenstone products?

3.1. Market Segmentation

Conducting a market segmentation for a entire country, in our case United Kingdom, is definitely a demanding task within a couple of weeks. Due to the time- and cost insensitivity of primary research the usage of secondary data in order to name the appropriate market segment for Greenstone products seems to be appropriate.

The market segmentation for Greenstone can be undertaken according to the top-down approach which was identified by George S. Day, Professor of Marketing at the Wharton School of Business in Pennsylvania, USA. Due to Professor Day the top-down approach basically examines the entire population and divides it into different market segments. This market segmentation process is very product related. With respect to the attributes of the product all available data on the population is taken into account in order to narrow down what specific market segment fits best to these attributes. Within the segmentation process the characteristics of different market segments are examined and compared to the product’s attributes in order to select potential customers. The segmentation process ends when the segment is defined that fits best to the attributes of the product regarding the customers wants and needs.

When using this approach the first step that needs to be taken is a clear analysis of the product’s attributes which are then related to the available data on the entire population. An in-depth analysis of the product and its attributes is essential since this is the starting point for the segmentation approach in the sense of Mr Day.

² <http://www.ethicalconsumer.org/Portals/0/Downloads/ETHICAL%20CONSUMER%20REPORT.pdf>

³ Fitzgerald, I.

3.1.1. Attributes of Greenstone products

The analysis leads to the result that Greenstone products imply five basic attributes:

- Luxury-oriented
- Feminine
- “Green” orientated
- Eco-friendly
- Premium priced

The above listed attributes can be seen as determinants for the market segment analysis. The ideal market segment meets all of these aspects.

Among these variables there are four attributes where one would rather think of two categories that could summarize these aspects - premium priced & luxury-orientated and eco-friendly & “green”-orientated. This distinction, however, is chosen on purpose and is very important for a detailed market segmentation.

A premium priced product is usually distinguished by its high quality which, however, does not necessarily imply luxury. Luxury products usually include aspects of exclusivity and refinement of living rather than a necessity. The Greenstone products imply both attributes. On the one hand they are of high-quality and on the other hand they are sold on a price level that makes them become exclusive. This means that a customer who likes to buy high priced products does not necessarily be a target customer for Greenstone because the products additionally imply the attribute luxury which has an impact on the prices.

The distinction between the attributes eco-friendly and “green”-orientated focuses on the degree of awareness for the overall environment. The term eco-friendly solely implies a certain degree of friendliness and attentiveness for the environment whereas the attribute of “green”-orientated supports the well-being of the environment. The attribute “green”-orientated fits to the constitution of the Greenstone products (100 percent made out of bamboo) and broadens the number of potential customers.

3.1.2. Market segmentation by categories

Having identified the attributes of the Greenstone products, they are now linked to the available data on the entire population in United Kingdom. The most useful approach is the market segmentation by the categories because it covers all the important parameters which can be compared the the attributes of the Greenstone products.⁴

The variables that are obviously not applicable in order to examine the British market and identify appropriate market segment for Greenstone are not taken into further consideration.

Geographic market segmentation

Due to the fact that the Greenstone products are available over the internet, a geographic market segmentation in the first years is not of high importance. In the upcoming years after a successful market entry, however, there might be the desire to distribute the products not only via the internet but also via retail stores in the UK. A geographic market segmentation, with respect to the population density, is then highly recommended.

Demographic market segmentation

The parameters that are considered to be useful in order to identify the appropriate market segment for Greenstone products are the following:

- Age
- Gender
- Family size
- Education
- Income
- Occupation
- Socio-economic status

The variable “age” generally delivers information about the marital status and the current career status which obviously has an impact on the overall income and therefore on the ability to buy Greenstone products.

The data about the gender of the entire population provides us with information about the femininity factor, with respect to the living conditions among the British society. This “femininity fac-

⁴ http://en.wikipedia.org/wiki/Market_segment

tor" within the household of the target segment is of high importance since the Greenstone products have a strong feminine bias.

The family size further alludes to the "femininity factor" but also gives an insight into the disposable income. As long as a woman, or a man with feminine habits, lives within an (extra-)marital cohabitation the rule applies that "the more people in a cohabitation, the better for Greenstone". The family size combined with the variable income, however, gives an information about the disposable income which is of high importance since the Greenstone products are high-priced.

The variable "education" shows mainly the profession and the level of income. Moreover this aspect gives information about the affinity towards the ecological friendly and "green"-orientated products of Greenstone.

The parameter "occupation" mainly alludes to the income status but also implies information about the overall social standing. The social standing itself furthermore includes the degree of affinity towards purchasing luxury products.

The socio-economic status can be seen as a combination of the variables "occupation" and "income" and it refers to the likeliness of potential customers to purchase luxury-oriented products.

Psychographic market segmentation

The psychographic market segmentation variables are definitely useful aspects for the overall market segmentation for Greenstone but they are in this case rather outcomes of the demographic segmentation. Parameters such as personality, lifestyle or attitude are hard to measure but as already mentioned information about these factors can be inferred from the available data on the demographic variables such as income level, type or level of education, age or social status.

Moreover especially the parameter personality can be defined up to a certain degree quite clearly. In order to describe this market segment's variable it is possible to use the product attribute "femininity" which describes best and has an impact on the personality of the market segment.

Behavioral- and technological market segmentation

The variables of the behavioral - and technological market segmentation, such as the readiness-to-buy stage, the usage-patterns or the motivation to buy the Greenstone products, are as well as the psychographic parameters hardly to define but closely linked to the aspects and outcomes discussed in the demographic market segmentation. Therefore a further segmentation should be conducted as soon as a clear picture of the demographic variables is being established.

3.1.3. Description and size of market segment

The characteristics and size of the market segment that fits best to the attributes of the Greenstone products and supports the creation of wants and needs that can be satisfied by these attributes are described in the following section.

Every household in the UK and every hotel or spa has towels and most of them also own other products similarly to the bathroom textiles offered by Greenstone. However, buying Greenstone products is due to the price definitely not normal and therefore requires an initial interest in a product that represents exclusivity.

One of the main characteristics of the target segment (private and business customers) for Greenstone products is definitely the affinity towards luxury and premium priced products. Due to the above-average pricing strategy of the company, the focus in this case definitely lies on the luxury-orientated people or hotels and spas, rather than on the premium-price aspect. This furthermore includes an above average income and an estimated age between 30 and 65 years due to the ability and willingness to afford the Greenstone products. The market segment has furthermore a strong feminine bias. As already mentioned, towels belong to the ground commodity of every household and it can be stated that in most of the British households men do not really care about the type of towel they use to dry themselves. Therefore the femininity factor plays an important role as a characteristic of the (private household) market segment for Greenstone products. Eco-friendliness and "green"-orientated are last two important characteristics of the Greenstone market segment. Greenstone products do not only target customers who are eco-friendly it furthermore attracts people who have a strong awareness for ecological matters and really want to protect the environment, which is immanent to the term of "green-orientated".

Bathroom textiles can be seen as part of basic households commodities, every household has at least one towel per person, rather two or more. Currently in the United Kingdom there are 26649 million private households which build the basis for the market segmentation.⁵ Moreover in 2007, 46 percent of the entire population was between 30 and 65 years old and 4% of the entire population are students which shows that the British population is relatively high educated.^{6 7} Another significant aspect with respect to the attributes of the Greenstone products is the distribution of wealth in the UK. The most wealthy 10 percent of the entire population own 53 percent of the total wealth in the whole country.(see Appendix 5) These information illustrates that the United Kingdom is a market that provides Greenstone with the required parameters with respect to the products' attributes.

⁵ <http://epp.eurostat.ec.europa.eu/tgm/table.do?tab=table&init=1&language=en&pcode=tsdpc510&plugin=1>

⁶ Office for National Statistics, Key Population and Vital Statistics, Series VS No 34, PPI No 30 2007 Data, London 2009, p. 10

⁷ <http://epp.eurostat.ec.europa.eu/tgm/table.do?tab=table&init=1&language=en&pcode=tps00062&plugin=1>

Applying the data on the distribution of wealth to the size of the entire population leads to the result that within the British population there are 6,081,670 people and 2,664,900 households with a financial background allowing purchases of luxury products.(please refer to the subchapter limitations at this point)

Realistically Greenstone products will obtain a market share of 0.1 percent in the first year after the market entry which is equivalent to 2,664 households.

Additionally Green&Stone's market share in the business segment has to be estimated. Due to the differing terms and conditions that luxury hotels and spas have to fulfil, this segmentation is based on the information given by one of the most prestigious website for luxury hotels and spas, Britain's finest. The British luxury hotel and spa market currently is characterized by 344 luxury hotels and 267 luxury spas. Due to existing contracts between the hotels and other bathroom textile suppliers a market share of one percent, aggregating to the supply of 3 luxury hotels and 2 luxury spas, in the first year can realistically be assumed.

3.2. Target Customer Profile

Having established a detailed market segmentation for the Greenstone products in the British market, it is necessary to know what characteristics the target customer profile contains.

In general it can be said that the target customer of Greenstone products is characterized by five variables - the age, the marital status, the financial situation, the view on ecological matters and the educational background. All these variables are important interdependent factors for the examination of the target customer profile for Greenstone products.

The target customer for Greenstone products is between 30 and 65 years old. This assumption is based on the likeliness that people at this age can afford to buy these high price products. Moreover the age of the target customer influences the marital status and vice versa. Since the products offered by Greenstone definitely have a feminine bias, it is important to have a female person, preferably living in a family situation that purports the purchase of a higher number of towels and Greenstone products, that is involved in the decision making process of buying Greenstone's products. In addition to factors age and marital status of the potential customer, the financial situation plays an important role for the target customer profile of Greenstone. Financial security and flexibility are essential characteristics the Greenstone target customer has to possess in order to buy these expensive products.

These aspects, however, only describe the external circumstances of the potential customer. In order to complete the picture of the Greenstone target customer it is necessary to analyze the mindset of potential customers.

The required level of financial flexibility, or in other words the income measured by the financial liabilities, of the target customer can be obtained from a great number of different sources. The education, however, is an important aspect for the target customer profile since higher education promotes an interest in ecological matters and products.

3.3. Wants and needs

With respect to the target customer profile the segments for Greenstone products have the following wants and needs:

- Exclusivity
 - The bathroom textiles should be sold at a high price and the brand should be commonly seen as a supplier of luxury goods
- High-quality
 - The bathroom textiles should be soft and particularly absorbent
 - A special appearance and possibility for customization
- Ecological friendly & “green”-orientated
 - The Greenstone products should be made out of ecological friendly materials and should further support the environmental protection

3.4. Limitations of the market segmentation

Considering the different parameters that are set up in order to conduct an in-depth market segmentation, it is obvious that the conduction does not take all the parameters into account.

Since it is impossible to combine the different parameters with the available data, the market segmentation for Greenstone is limited and negatively affected in its approach. Although the number of households in the UK can be related to the number of people with an above average income or any other variable, but a further localization of the market segment for Greenstone is impossible. The actual intention, to narrow-down the market segment for Greenstone products is hardly possible and therefore the size of the entire market segment can only be estimated. For this estimation, however, the available data was taken into account.

A proper conduction of a market segmentation for Greenstone products therefore requires either time- and cost-intensive primary research, costly in-depth data on the specific relations between the market segmentation parameters, or both.

This market segmentation mainly focuses on the financial situation of the population since this is the most important prerequisite for buying the luxury Greenstone products.

4. Competitive Analysis

In order to successfully launch the Greenstone products on the UK market it is essential to analyze the degree of competition and the strategy of potential competitors in the foreign market. This competitive analysis includes an assessment of the competitors' market shares and target groups, as well as the examination of their strengths & weaknesses and pricing strategies.

4.1. National Competitors

The competition Greenstone faces in their product segment in the UK is diverse. A multitude of internet shops offer their products not only on their own website but use in addition websites of popular online retailers in order to distribute their products on the British market. Therefore when analyzing the national competitors of Greenstone in the UK, one has to make a distinction between the actual supplier and the online retailers that are used as a form of advertising and distribution platform by the actual suppliers' of linens. Moreover it is essential to differentiate between direct marketing companies for linens and eco-friendly online retailers that offer a great variety of "green" products.

Taking this characteristics of the British market into account, there are three categories that are important factors for Greenstone when considering a possible market entry strategy - online retail platforms, eco-friendly online retailers and direct marketing companies.

The main direct marketing competitors for Greenstone in the British market are:

- www.towels.co.uk
- www.towelcompany.co.uk
- www.babaloo.co.uk

The most important eco-friendly online retailers in the UK are:

- www.ecocentric.co.uk
- www.guardianecostore.co.uk
- www.thenaturalstore.co.uk
- www.love-eco.co.uk

The biggest online retail platforms for bamboo products in United Kingdom are:

- www.amazon.co.uk
- www.houseoffraser.co.uk
- www.nextag.co.uk
- www.marksandspencer.com

The analysis of the competitors in United Kingdom shows two significant aspects. The advertising and distribution strategy of the different suppliers involves in most of the cases third-party online platforms and the minority of the suppliers of bamboo products are direct marketing companies. Furthermore it is outstanding that most of the competitors, whether direct marketing companies or eco-friendly online retailers, offer their bamboo products on a considerable lower price.

4.2. International Competitors

In addition to the competitors within the linens market in United Kingdom, there is a great number of suppliers for bamboo products outside the UK with a great impact on the planned undertaking of Greenstone - the penetration of a foreign market.

In Asia, there are more than 39 companies producing bamboo towels and other bamboo products in order to sell them worldwide to internet power sellers and other internet shops with a similar portfolio as Greenstone. The opportunity for private and business customers to easily get in touch with international suppliers via the internet for the purpose of ordering their bamboo products, obviously increases the overall competition for Greenstone dramatically.

4.3. Sub-conclusion

The national competition is characterized by small and medium sized companies such as towels.co.uk and towelfactory.co.uk that offer their products in their own internet shops and additionally use online retail platforms for further distribution and advertising purposes. Furthermore there is a great number of eco-friendly online stores which offer a variety of eco-friendly products, including bamboo towels and other bamboo products.

Concluding, it can be said that due to the great amount of internet trade with bamboo products and the significant trend towards internet purchases, there is a great opportunity for Greenstone to successfully enter the British market.⁸ Moreover it is outstanding that the competitors offer their bamboo products on a significantly lower price. The great number of national and espe-

⁸ <http://www.emarketer.com/Article.aspx?R=1007223>
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cially international competitors, however, impede a quick market entry with a great market share in the first year.

4.4. Limitations of the Competitive Analysis

Due to the variety of selling approaches in the linens industry and the in most instances missing data (sales figures, overall sales in the UK market and market shares of competitors) the national competition is hard to define. The general trend of globalization and the increasing usage of e-commerce further result in an nearly impossible task when it comes to analyzing the entire competition within the UK market. The variety of opportunities for private and business customers to order their towels or similar products from companies located in Asia or elsewhere in the world results in a constitution of competition that can hardly be reviewed. Even the governmental state office for statistics does not have any statistics or information about the number of bathroom textile providers or sales figures in the UK.

5. Product Policy

In the following chapter it is described what product policy Green&Stone should use with respect to the Greenstone products and the satisfaction of the customers' wants and needs in the United Kingdom.

5.1. Core Product

Having identified the target segment and having established the target customer profile several requirements need to be met in order to satisfy the wants and needs of the customers in the United Kingdom. The target customer on the one hand wants an exclusive and high-quality and -priced product that represents his social standing and wants on the other hand a product that is ecological friendly and supports the idea of environmental awareness and support, a "green"-orientated product.

The Finnish company Green&Stone offers 100 percent organic bamboo bathroom textiles, mainly towels and bathrobes. The products are designed in Finland in order to meet the Scandinavian tastes and quality standards. They are produced in China and customized and finished Tallinn, Estonia. The Greenstone bathroom textiles can be described as ecological friendly, absorbent, organic, antibacterial, and soft. The products and especially the towels are characterized by a typical bamboo-look, the material is extraordinary thin, soft and light and the towels are refined with a special design.

5.2. Unique Selling Propositions

Currently Green&Stone can differentiate itself, its brand and products from the competition on the British market by creating unique selling propositions in two areas - price and service.

5.2.1. Pricing USP

The Greenstone products are sold on a very high price and they are positioned above the prices of the competition in the UK. The company's intention behind the high-price strategy is to emphasize the exclusivity and the high quality of their products in order to create a strong brand image and to differentiate oneself from the competitors in the British market.

The pricing strategy reflects the main objectives of Greenstone. Selling a brand that implies a lifestyle of luxury, quality, exclusivity, ecological awareness and a "green"-orientation.

This strategy transferred to the British market excludes a great part of the entire population but also creates a picture of the segment that fits to the attributes of the Greenstone products. The United Kingdom is a market that provides Green&Stone with a great number of potential customers who can afford and who are willing to buy the Greenstone products at this price. (please refer to the chapter target segment)

Moreover it can be said that eco-friendly and “green”-orientated products in other established branches are mostly sold on above-average prices. This fact shows that there is the general need for these products and the willingness of the customers to buy environmental friendly and supportive products.

Sometimes even if people can actually not afford the high prices for these products they start saving their money in order to purchase the upscale products. This notice can especially be made in the case of “The body shop”, the worldwide second largest cosmetic franchise company which fully supports the idea of selling “green” products.⁹

5.2.2. Service USP

Service is an area where it is by far not easy to surpass the competition on the British market. However, Green& Stone should try to offer reliable and co-operative services in order to meet the company’s goal of a successful market entry and a promotion of a strong brand image.

The first service that should be mentioned in this context are the individual cording embroideries on the products that are offered to business customers of Greenstone products such as luxury hotels and spas. This service adds an individual and luxury aspect to the product.

Greenstone products can be ordered via the company’s homepage and they are then shipped to the private or business customer in United Kingdom. For private customers a free shipping should be offered. This way is very convenient and easy to handle for the customer when it comes to ordering Greenstone products. Although this approach is very convenient and easy, the customer must have been in contact with the products in order to be assured to buy the Greenstone upscale bathroom textiles.

Therefore the Green&Stone management should try to make appointments with the business customers in the United Kingdom to make a point of personally interacting with the customers and to personally negotiate the sales contracts.

⁹ http://www.thebodyshop-usa.com/beauty/values?cm_re=Tyra_LoveFragrance_-_Navigation_-_values

5.3. Augmented Product (Service Policies)

As already mentioned a major component that should be taken into consideration when entering the British market is the customers attraction by offering superior services. Especially the factor that Green&Stone is a company that was recently founded, is new to the British market and has its own aspirations in terms of being a luxury and upscale supplier for bathroom textiles, factors such as reliability and professionalism are essential.

Services that add value on customers' purchase, ensure meeting the requirements that are set up by the market for Greenstone and are strongly recommended are discounts on bulk-orders, a customer service hotline, the right of complaint in case of quality issues, the right of return, a money-back guarantee and the consignment of samples or bonuses for loyal clients. Moreover two year warranties should be offered in order to further support the selling process.

Service policies that further support the purchasing process should be implemented in the following three stages: during the attraction of the customers, during the selling process and after the products have been sold.

5.3.1. Attraction

Considering the limited financial resources of Green&Stone "(...) most of the marketing has to be done via publicity (...) and other businesses."¹⁰

The point of sale or the place where the product is used (e.g. luxury hotels) plays an important role for the purchasing process of the customers. Many customers connect the image of the location with the product that is offered or used. In case that the retailer or the location where the product is offered or used, is well-known and commonly seen as a prestigious, the product and the brand benefit from the third-party's status.

Keeping this in mind, Green&Stone should try to position their products in luxury hotels and spas and in catalogues such as the Manufactum catalogue and online store. (please refer to the chapter promotion) Using this as a basis the Greenstone brand should be described and promoted in these catalogues and in the luxury hotels and spas. Brochures and flyers should be positioned in the hotels where the Greenstone products are used and personal advisory meetings should be arranged between Greenstone representatives and potential business customers. Furthermore gaining tradable permits is one of the best ways to highlight the eco-friendly and green character and to increase the amount of sales. Therefore Green&Stone should apply for the European Eco-label¹¹ since this label is commonly associated with high quality and and environmental awareness.

¹⁰ About Green&Stone

¹¹ <http://www.eco-label.com/default.htm>

5.3.2. Selling Process

Service policies during the selling process itself have to be distinguished between the business to consumer and business to business sales.

Green&Stone should, especially in the first years after entering the British market, focus on personally interacting with business customers. This means when it comes to negotiations with luxury hotels, spas or catalogues, Greenstone representatives should present the product and negotiate the sales contract personally. Although this personal negotiations imply that a Greenstone representative travels from Finland to the United Kingdom it is strongly recommended because it is the only way to build up a basis of mutual trust and represents the company's professionalism. Green&Stone's overall goals of being a luxury, upscale and reliable supplier for bathroom textiles make this effort necessary.

For private customers Green&Stone offers the products via the company's internet shop on www.greenstonestore.com. Despite the fact that this is an easy way for potential private customers to order the Greenstone products, this approach without any additional service does not produce the desired amount of sales because it does not take into account that the customer has to be at least once in contact with the product before buying the high-priced, luxury Greenstone bathroom textiles. Besides the product promotion via the already mentioned exclusive positioning in well-known and upscale catalogues, hotels and spas, Greenstone should offer the possibility for customers to arrange "Greenstone tupperware-parties" supported Green&Stone with a selection of different products. After having successfully arranged a Greenstone tupperware party and having sent at least one order, the event organizer and the new customer(s) receive a benefit from the company. This service, however, should be offered at the point where the Greenstone brand is already partially known in the United Kingdom.(please refer to the chapter promotion)

5.3.3. After Sales Policies

Having closed a deal, Green&Stone should try to offer further services to their customers in order to create a basis of mutual trust and to further support the promotion of their brand image. Therefore it is highly recommended to build up a after sales policy that is based on the factors service, accessibility and reliability. The three aspects imply a all-encompassing supply of services to the Greenstone customers.

Green&Stone should create a service hotline that takes the customer's recommendations or complaints. The company should focus on the three factors of a professional service, a good accessibility and reliable information that does not contradict with the information given before the sale was closed.

6. Promotion

Promotional efforts aim at providing the potential customer with information about the advantages of buying a specific product. In the case of Green&Stone the intention of the promotional activities is the delivery of information to the target customer about the selling points of the bathroom textiles and the persuasion to buy the Greenstone products.

Taking the current status and financial situation of Green&Stone into account, the company can not afford high expenses for promotional activities and low-priced alternatives have to be developed. This obviously includes that cost-intensive promotion strategies have to be avoided in the first years after the market entry in United Kingdom.

6.1. Product placement

Due to the limited financial flexibility of Green&Stone in the first years of their market penetration low-priced solutions for a promotion strategy have to be developed. Product placement, or embedded marketing, in the case of Greenstone products is a form of promotion where the products are placed in a context where they are used by the potential customer. (see target customer profile)

In order to bring the target customer for Greenstone products in contact with the upscale and luxury bathroom textiles, we developed different placement strategies.

The business to business promotion strategy of Greenstone should predominantly focus on the market segment of upscale and luxury hotels and spas. These facilities are important potential business costumers for Greenstone and furthermore the guests or members of the luxury hotels or clubs will get in contact with the Greenstone products. They will use the Greenstone bathroom textiles during their visit, will transfer the luxury attributes of environment on the Greenstone products and in the best case are convinced by the products quality and luxury attributes to purchase it. Based on this product placement strategy, Green&Stone indirectly increases the reputation of the Greenstone brand on the end consumer market. In order to further support this strategy, Greenstone flyers should be positioned at the locations where the product are used.

In the following parts an overview of the current situation of the mentioned potential business costumers is given.

6.1.1. Luxury Hotels

The hotel sector seems to be the most interesting market segment for Greenstone as in recent years the hotel sector emerged as a market with considerable growth rates. However, due to the global financial crisis there has been a sharp drop-down in the number of guests, but this seems to be a temporary problem. In 2007 the total tourism expenditure of British people in the UK sums up to £ 21,1 billion and 32,8 million visitors from overseas spend £ 16 billion.¹²

With respect to the products offered by Greenstone there are some trends in the hotel sector to be mentioned. First of all there is a growing interest in the environmental impacts of hotels.

According to the report by the department for culture, media and sport, the hotel and catering industry in the UK uses 15% of all energy used and produced about four million tones of waste per year. There are a lot of hotels in the United Kingdom taking part in environmental quality management concepts and are priced as "green hotels".¹³ These sustainable hotels have to use products which are produced without negative environmental impacts. This usage of "green" products also applies to bathroom textile products as well and Greenstone would fit in there perfectly.

In this context an outcome of a recent market research should be mentioned. One third of the hotel guests in the United Kingdom are willing to pay more for an eco-friendly hotel or resort, 25 percent of the guests would pay an additional charge of 5-10 percent and 12 percent of the guests declared, that they would pay an additional charge up to 20 percent.¹⁴

6.1.2. Luxury Spas

In the United Kingdom there are about 420 spa facilities covered by national statistics. A spa is required to have at least five rooms to be listed as a spa and wellness centre. The spas in the United Kingdom are able to record a steady growth, in 2007 this accounts to 6, 35 Mill applications per year.¹⁵ About three quarters of the guests in British Spas are women. User of these facilities moreover belong to the group of people with in annual income above national average.

Taking this information into consideration, Greenstone should try to sell their products to luxury spas all over the United Kingdom. Spas are due to the high usage rates of bathroom textiles and the profile of their guests, definitely of interest for Greenstone.

¹² Department for culture, media and sport (dcms), Sustainable Tourism in England: A Framework for action: Meeting the key challenges, London March 2009

¹³ See www.environmentallyfriendlyhotels.com/eco-label.html: Consumers Seeking Green Hotel Eco-Labels

¹⁴ Travelweekly, Environmentally friendly hotels and resorts, 19. July 2007, <http://www.travelweekly.co.uk/Articles/>

¹⁵ The Leisuredatabase.com, Growth in Spa Sector Signals Bright Future 2007

6.1.3. Manufactum catalogue

The Manufactum catalogue currently supplies customers all over Europe and is located in the UK, Germany, Switzerland and Austria. This catalogue provides the customer with high-price and luxury foreign trademarks and own-brand products and is therefore a perfect opportunity to sell and promote the Greenstone bathroom textiles.¹⁶ (see Appendix 1)

The Manufactum online store and the catalogue already offers high-price and luxury towels and other bathroom textiles, however, currently there are no products made out of bamboo listed. The natural materials combined with the “green” and ecological friendly attributes of the Greenstone products could definitely broaden the variety of the products offered by the Manufactum catalogue. Moreover it can be assumed that the target customer of this catalogue has the same characteristics which are listed in the target customer profile for Greenstone. Especially the affinity towards luxury and high-priced products is given among the Manufactum customers. Therefore the Manufactum catalogue and online store can be used by Greenstone in order to sell their products but even more important to bring their target customer in contact with their products.

Finally it can be said that for Greenstone this catalogue is a great opportunity to promote and sell their products in an inexpensive and effective way.

6.2. Sub-conclusion

Concluding it can be said that the luxury hotel and spa sector, as well as the manufactum catalogue, are important, inexpensive and effective ways for Green&Stone to promote the Greenstone products. The members of the clubs, the guests and the customers belong to the social stratum which has an above average income and has a tendency towards environmental awareness.

Taking these aspects into consideration it can be said that Greenstone should, especially in the first time after the market entry, focus on business customer acquisitions.

Greenstone should try to make use of these circumstances and trends and should try to position the Greenstone bathroom textiles in the manufactum catalogue and luxury hotels and spas all over the United Kingdom.

¹⁶ <http://www.manufactum.co.uk/Kategorie/-16/Aboutus.html>

6.3. Future recommendations

Since Green&Stone it is not yet familiar with the British market there are some promotional activities that are recommended but at the current situation not accomplishable.

6.3.1. Luxury sport clubs

In addition to the luxury hotels and spas as the most interesting aspects within the product placement strategy, Green&Stone should try to position their products in luxury sports clubs as well. This positioning, however, should not be tried until the Greenstone products are positioned in luxury hotels and spas. Luxury tennis or golf clubs should be contacted when the Greenstone brand is already known among the people that belong to the target segment of Green&Stone.

6.3.2. Engagement of a salesperson

Getting in contact with these types of luxury and exclusive clubs, hotels and spas is by far not easy and in the first years after the market entry Greenstone representatives have to travel from Finland to the United Kingdom to inform the potential customers and to market the Greenstone products. In order to further support the embedded marketing strategy, to get in contact with more business customers and to satisfy the service needs of the Greenstone clients, an engagement of a salesman with a commission based salary is recommended after two to three years, depending on development of the annual amount of sales.

6.3.3. Greenstone promotion parties

A year after Green&Stone has sold its products to business customers in the United Kingdom a further promotion activity becomes applicable.

According to the successful "tupperware parties", Green&Stone should offer "Greenstone private promotion parties" to its customers in the United Kingdom. The interested Greenstone customer creates an account on the company's website, shows his interest in the offer and receives a sample package in return. The Greenstone customer organizes a private promotion party with neighbors, friends or relatives, collects all the orders of the participants and forwards them to Green&Stone via email. In return for the promotion of Greenstone products, the organizer receives 10 percent commission on every sold product and the guests receive a sales discount of 5 percent.

6.3.4. Direct mail promotion

Having acquired business and private customers on the British market, Green&Stone should conduct direct mail promotion. This promotion approach is definitely one of the cheapest and fastest ways to contact and inform potential customers about the existing and new products, special discount campaigns or offers such as the Greenstone promotion parties.

Direct mail promotion obviously requires the email addresses of the customers and therefore Green&Stone should start collecting contact data at the first day of the market entry.

7. Distribution

When entering foreign markets, previous planning of the most appropriate approach of distribution is essential. In this part it is explained how Greenstone should distribute their products in order to meet the company's primary goal of a successful market entry. It is explained what method of transportation should be used and what export and import conditions should be taken into account when entering the British market. In order to ensure a reliable supply to private and business customers, it is highly recommended to keep the supply chain as simple as possible in the first years after the market entry.

7.1. Estonian Post Ltd.

Keeping in mind the limited capacities of Green&Stone at this moment it is highly recommended to keep the customers supply in the Britain very simple but reliable. Due to the primary goal of a successful market entry, the necessity to promote the Greenstone brand in the UK and the in any case relatively small amount of sales in the first years, it is advisable to ship the products via the Estonian Post Ltd. to the UK.

The Estonian Post Ltd. is, compared to well-known shipping companies such as UPS or FedEx, is the cheapest way to ship the Greenstone products from the factory in Tallinn to the private and business customers all over the UK.(Please refer to Appendix 2)

The delivery time, the costs and the insurance conditions at the Estonian Post Ltd. are strongly dependent on the shipping service that is used. Whereas the delivery time for shippings via the more expensive Express mail service is on average 3-5 days, parcels sent under the International standard conditions are shipped by non-priority mail 2-3 times a week.¹⁷ ¹⁸ Another important aspect that should be taken into consideration is the difference in insurance conditions. Whereas there are no liabilities held by the Estonian Post Ltd. for International standard services, the Post is liable for damage caused by damage during the transport up to 130 SDR or €138,70.¹⁹

Taking into account the differences in price, delivery speed and liability conditions it is advisable for Greenstone to generally send smaller orders via the International standard parcel service, whereas sendings with a higher value should be shipped via the Express mail service to the UK.

¹⁷ http://www.post.ee/failid/EMS_tyyptingimused_ENG_T.doc

¹⁸ <http://www.post.ee/index.php?id=5911>

¹⁹ http://www.post.ee/failid/EMS_tyyptingimused_ENG_T.doc

7.2. Packaging

The Greenstone products are prepared for the shipment and packed in cardboards at the factory in Tallinn. Due to the fact that towels can hardly be damaged during the transport, the products do not need extra safety provisions.

In order to meet the desired luxury standards and to support the brand promotion we recommend to provide the packages with a proper design and some information about the brand and its products.

7.3. Required Documentation

Due to the fact that both countries, Estonia and the UK, are members of the Schengen area there are no import restrictions for the Greenstone products.

7.4. Future Development

One of the main goals of Green&Stone is the continuous promotion of the Greenstone brand and its product in the United Kingdom. This promotion obviously aims at increasing the annual amount of sales and creating a loyal and stable private and business customer basis in the UK.

Having achieved this goal Greenstone should reevaluate the distribution approach mentioned earlier. Needless to say that the increased amount of sales will result in a greater sendings to the customers in the UK. In order to avoid immense shipping costs, Green&Stone should make use of the services offered by several forwarding agencies and ship greater amounts of their products to the UK. Furthermore Green&Stone should consider whether a storage of their products in United Kingdom is beneficial. A storage on the one hand requires employees who forward the products but it might be less cost-intensive and the customers definitely receive the products faster.

These advisements, however, require an in-depth break-even analysis that takes all possible costs into account. This thought is definitely not appropriate for the current situation of Greenstone because it requires constantly high sales.

8. Insurance Aspects

When entering a foreign market, the planning and organization of all necessary operations is essential. Additionally one should furthermore try to prepare for unforeseen problems that can arise during the normal everyday activities. Therefore insurance is an important aspect for Green&Stone when it comes to ascertaining the smooth conduction of business and the financial security of the company.

8.1. Cargo Insurance

Although there is a cargo insurance included in the Express mail service of the Estonian Post Ltd. it is advisable to insure shippings that exceed the value of €138,70. Moreover parcels sent via the International standard services should be insured as well in order to guarantee a smooth conduction of Greenstone's everyday business.

The Estonian Post Ltd. offers registered (non-insured) and guaranteed (insured) parcels.(Please refer to Appendix 3) The additional fee for guaranteed parcels is calculated via the value of the shipment. For every Estonian kroon of the disclosed value 0,05 kroons are added to the final price.²⁰

8.2. Sub conclusion

Due to the risk of possible losses or damages of packages during the transport of the Greenstone products a cargo insurance should be taken out. Further insurances such as a loss of earnings insurance are very cost-intensive and therefore not appropriate at this moment.

²⁰ <http://www.post.ee/index.php?id=5910>

9. Pricing Strategy

Green&Stone's pricing strategy for the British market should reflect the main goal of the company, a successful market entry. Due to the fact that Greenstone is new to the British market and already sells its products on a high price level, a pricing strategy is already stated by Green&Stone.

Regarding the overall goals of the company it should not be the purpose of Green&Stone to offer the Greenstone products below the price of their competitors. The products should rather be offered at a higher price in order to build up and support the company's standing as a high quality supplier for sanitary bamboo products.

9.1. Expected Sales Volume

The Ethical Consumer Research Association found out that in the year 2007 British households spent £1.4 billion on ethical personal products which implies an increase of 4 per cent compared to the year 2006.²¹ Similarly to the positive outcomes in the Ethical Consumerism Report, we expect a growth of the overall spending on bamboo products in the UK.

In line with the positive forecasts for a considerable increase in green and sustainable products, we expect a steady increase of our estimated market share of 0.1 per cent of private and one per cent of business customers.

The expected sales volume in the first year follows from the estimated market shares in the luxury hotel and spa market and the overall private market in the UK. Considering the market shares of the two areas it is not unrealistic to expect a sales volume of 5,828 Greenstone products in the first year. This amount of sales is calculated by 2,264 private households purchasing on average two Greenstone products, three hotels and two spas purchasing on average 100 products and the Manufactum catalogue purchases 800 Greenstone bathroom textiles.

9.1.1. Expected sales volume to business customers

The expected sales volume to business customers, however, is strongly dependent on the wholesale price Green&Stone offers to its business customers. Due to the fact that the emotional components of the product are of marginal importance for business customers and that the business partners pay attention on the cost-benefit ratio when purchasing a great amount of bathroom textiles, Green&Stone has to offer a significantly lower wholesale prices.

²¹ <http://www.ethicalconsumer.org/Portals/0/Downloads/ETHICAL%20CONSUMER%20REPORT.pdf>

Within the branch wholesale or purchasing prices for towels are at maximum €15.00 but on average €9.00.²² Currently the costs for the Greenstone towels are 70 percent of the normal purchasing price what means that a possible wholesale price would lie at least 50 percent above the industry average, without any profit margin.

In order to realistically sell the amount of 500 Greenstone products to business customers in the United Kingdom in the first year, Green&Stone should consider to decrease the wholesale price significantly. Obviously, this price reduction for businesses would have a great impact on the profit in the first years after the market entry but an investment in the brand's image is essential to successfully penetrate the British market. As a result, we recommend a maximum wholesale price of €12.00 for the Greenstone towels in order to offer a acceptable and realistic price to the business customers. The following prices are recommended for sales to business customers:

Large towel	€12.50
Regular towel	€8.55
Small towel	€6.65
Bathrobe	€18.50 - €19.95 - €21.85 (depending on size)
Loafers	€4.00
Sandals	€5.00
Bath hood	€4.20
Neck pillow	€5.00
Wash mitten	€3.00
Throw blanket	€22.80

9.2. Method of Payment

Considering the financial situation of Greenstone, the preferred method of payment is the payment by bank-transfer. A distinction has to be made however, between business and private customers of Greenstone. Whereas private customers have to pay in advance, Greenstone should offer a net 30 credit term.

²² Fitzgerald, I.
IMM - Group 5

9.3. Costs per Unit

The only additional cost that is created by shipping the Greenstone products to the UK has to be calculated for every single sale because the costs for the sendings are dependent on the weight of each package.

9.3.1. Safety Deposit Policy

International trading implements a great number of risks. Product quality problems, necessary warranty adjustments, or other customer issues are not uncommon. Especially in the case of Greenstone, a young company trying to launch a foreign market, a safety deposit is an essential measure that should be taken in order to ensure financial security. Therefore an amount of 5 percent should be added to the normal selling price and should be deposited on a special bank account.

	2011	2011	2011
Amount of Safety Deposit in €	11.715,12 €	12.886,63 €	15.463,96 €
Amount Interest yield (3%)	351,45 €	386,60 €	463,92 €

9.4. Profit Margin

Currently the profit margin in the calculation of Green&Stone lies at €19.50 for a large towel. According to the essential distinction between business and private customers, the profit margin for sales to business customers differs in the first years after the market entry.

Selling the Greenstone products at a maximum price of €12.00 to the business customers, Green&Stone would have a loss of €33.50 per large towel large towel. The profit margin for private customers, however, would remain at 30 percent representing €19.80 for a large towel.

9.5. Profit and Loss Account

	2011	2012	2013	2014	2015
	In €				
Revenue from sales (B2B)	15.600,00 €	17.160,00 €	20.592,00 €	26.769,60 €	34.800,48 €
Revenue from sales (B2C)	218.702,40 €	240.572,64 €	288.687,17 €	375.293,32 €	487.881,31 €
Income from safety deposit interest	351,45 €	386,60 €	463,91 €	603,09 €	784,01 €
Total Revenue	234.653,85 €	258.119,24 €	309.743,08 €	402.666,01 €	523.465,81 €
Production Costs	56.298,48 €	61.928,33 €	74.313,99 €	96.608,19 €	125.590,65 €
Operational Over-heads	28.146,24 €	30.960,86 €	37.153,04 €	48.298,95 €	62.788,63 €
Logistics Costs	112.596,96 €	123.856,66 €	148.627,99 €	193.216,38 €	251.181,30 €
Total Costs	197.041,68 €	216.745,85 €	260.095,02 €	338.123,52 €	439.560,58 €
Income before Tax	37.612,17 €	41.373,39 €	49.648,06 €	64.542,48 €	83.905,23 €
Income Tax	9.779,16 €	10.757,08 €	12.908,50 €	16.781,05 €	21.815,36 €
Total Retained Profit	27.833,01 €	30.616,31 €	36.739,57 €	47.761,44 €	62.089,87 €

Due to the change in prices for business customers, the distinction between business and private customers becomes necessary. Especially in the first years Green&Stone is strongly dependent on the sales to private customers because of the emerging losses from the sales to the business customers. Because of missing sales figures the revenue from sales to private customers is calculated by the mean of the Greenstone product prices.

The production, operational and logistics costs are estimated with reference to the official statement of Green&Stone. The income tax in Finland is currently 26 percent of the total income.²³

9.6. Sub-Conclusion

The major problem that Green&Stone will face when entering the British market is the pricing strategy for the Greenstone products. Due to the fact that the prices lie at least 50 percent above the prices that businesses usually pay for their bathroom textiles, Green&Stone has to change the pricing for business customers drastically. With respect to the relatively small profit margin this decrease would obviously result in losses for Green&Stone.

Furthermore the term of premium pricing for Green&Stone's pricing strategy is not appropriate. Obviously the prices for the Greenstone products are relatively high, but an essential characteristic of a premium pricing strategy is a high profit margin. The product's price should be artificially kept high in order to attract the potential customer.²⁴ In case of Greenstone, the price is high but the costs as well. Considering this fact, a successful premium pricing strategy seems not accomplishable because the relatively small amount of sales is not covered by a high profit margin.

However, not changing the pricing strategy for business customers would definitely result in a dangerous situation for Green&Stone because of the simple fact that the products will not be purchased by the potential business clients.

²³ www.vero.fi/nc/doc/download.asp?id=4151;1035296

²⁴ Gittings, Christopher (2002). *The Advertising Handbook*. New York: Routledge. ISBN 0415243912.

10. Future Development

Due to the fact that Green&Stone is a recently founded and relatively small company with limited financial and human resources, the future development of the British market and the implicit chances for Greenstone obviously have a great impact on the future development of the company.

Therefore this chapter deals with an overview of the most important future developments in the United Kingdom that affect the overall market entry strategy of Greenstone that is recommended in this report.

10.1. E - commerce market

As Green&Stone wants to offer the products in their online-shop www.greenstonestore.com the development of the e-commerce market in the United Kingdom is of great importance for the company.

Although the global economy is still and will be heavily influenced by the financial crunch throughout the year 2010, the e-commerce market is on the rise: „eMarketer estimates that 72.5% of UK Internet users ages 14 and older will buy at least one item online in 2009.“²⁵ Furthermore, the total number of online buyers will rise from 26.9 million to 31.8 million until the year 2013. This estimation implies that more than one-half of the entire population of the United Kingdom buys at least partly online and that internet sales figures will rise constantly over the next few years. (see Appendix 4)

The change in the buying patterns of internet users and potential customers supports business to consumer selling approach of Greenstone and therefore this trend in the British e-commerce market can be seen as a positive aspect for the market entry of Greenstone.

But this tendency has its pitfalls. Due to the increased amount of internet sales and the ability for the customers to compare products and especially the prices easily, the consumer tends towards a “the-cheaper-the-better” buying attitude: “Consumers at all income levels say they are reining in spending, putting off some major purchases and seeking cheaper alternatives to products and suppliers used previously.”²⁶

However, taking this information and the target customer profile into consideration it can be said that the negative aspects of the change in the e-commerce market do not have a great impact on the expected sales for Greenstone. The Greenstone target customer in general does not have the tendency towards seeking cheaper products because he buys upscale, luxury and “green” products based on his profound conviction.

²⁵ <http://www.emarketer.com/Article.aspx?R=1007223>

²⁶ <http://www.emarketer.com/Article.aspx?R=1007223>
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10.2. Further ways of distribution

Having established Greenstone in the United Kingdom as a brand that is known in its target segment, Green&Stone should make use of new ways to distribute their products on the British market.

Greenstone promotion parties

As already mentioned in the chapters “promotion” and “product policy” the company should offer the opportunity for customers to organize “Greenstone tupperware parties” and therefore should provide the organizer with sample packages including a selection of the Greenstone products.

The target group for this way of distribution is described as:

Female

Between 3 and 65 years

Medium and higher income class

Above average educational background

Affinity towards the green movement and ecological friendly products

This way of distribution results in a perfect presentation of the Greenstone products in the participants private environment. The prospective costumers are in contact with the products and are able to test the selling propositions of Greenstone.

At the end of the party, the organizer is in charge of collecting the orders and receives 10% commission on every sold product. Moreover the participants receive a sales discount of 5%. In order to ensure a smooth conduction of these promotion parties, every event promoter has an account on the Greenstone website which shows detailed information about the orders.

In case that this way of distribution can be successfully applied, Green&Stone should recruit trained personnel that attends to the parties, personally promotes the products and is paid on a commission basis.

Personnel in the UK

As already mentioned before Green&Stone representatives have to travel to the UK in order to personally interact, promote and negotiate contracts with the business customers in the UK.(see chapter Product policy)

Obviously this way selling is very time-consuming but by far less cost-intensive than employing sales personnel in the United Kingdom. In order to reduce the time consuming way of selling the Greenstone products to the business customers in the UK, Green&Stone should consider to recruit a trained salesman in the UK. The salesman should be paid on a commission basis and his main responsibilities are to get in contact with and to sale the Greenstone products to luxury hotels, spas and sport-clubs all over the UK.

Conclusion

In conclusion it can be said that this preliminary marketing plan for Greenstone makes all the provisions necessary to successfully penetrate the British market for upscale bathroom textiles. The choices made in this report are set up in order to successfully distinguish from the competitors and to support the penetration of the British market.

Supported by the overall trend towards green and ecological friendly products a penetration of the UK market is advisable for Greenstone. The affinity towards high-priced products and luxury status symbols among the British society makes this market adequate for a promising penetration.

The distinction between business and private customers and the interdependent corresponding differing strategies that are implemented in this report are of high importance for the successful penetration of the British market. After the market entry Greenstone should predominantly focus on the business customer acquisition in order to build up a basis for further promotion of the Greenstone brand and its products. In order to support this approach, Green&Stone should definitely consider price changes for business customers.

The product policy, the promotional activities and the changes in the company's pricing strategy proposed in this report create the necessary basis for a successful acquisition of the target customer for Greenstone products. The strategies in this preliminary marketing plan aim at supporting a successful market entry and at establishing a profitable basis for Green&Stone and its customers. Accordingly, in the first years after the market entry the profit maximization comes second but is of course not unimportant. The creation of a well-funded, loyal and satisfied customer basis, however, is the primary and long-term goal of Greenstone.

Recommendations

The main problem that the company will face when entering the British market is the pricing strategy for Greenstone products. As already mentioned in the chapter pricing strategy, a premium pricing strategy aims at creating relatively small amounts of sales but provides a business with high profit margins instead. The Greenstone products definitely are high-priced, but do not ensure a high profit margin due to the high costs. Taking this fact, the need to reduce the wholesale prices, into consideration Green&Stone should either try to find a new manufacturer or a different and less cost-intensive way for the company's supply chain. Not taking this problem seriously could result in the business customers rejection of Greenstone as a brand which would result in a overdependence on private customers.

Moreover, Green&Stone should reconsider the investment in foreign promotional activities. The current amount of €3,000 is definitely too small in order to really support the promotion of the Greenstone brand in a foreign country. Therefore it is recommended to invest a 5 to 10 percent of the annual profits on the promotion for the upcoming year.

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<http://www.amazon.co.uk/>

<http://www.love-eco.co.uk/>

<http://www.manufactum.co.uk/>

<http://www.eco-label.com/>

<http://www.vero.fi>

Oral sources:

Mr. Ian Fitzgerald

Appendices

Appendix 1



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About us

Dear Reader,

"There is hardly anything in the world that some man cannot make a little worse and sell a little cheaper". Over a century later and John Ruskin's observation is still valid; what's more, we believe it says a lot about the products on offer today.

There was a time when the only problem facing quality goods was competition from goods of an even higher quality, now it seems that inferior goods are the main problem.

Certainly, as far as household goods are concerned, there are very few high quality products which are not diminished by the proliferation of paler imitations, produced by unimaginative competitors at the lowest possible price.



Products have increasingly shorter life cycles, they come and go, are launched and disappear again. Everyday items have been turned from commodities into consumer goods, not built to last, but to be thrown away as soon as possible in order to make way for the latest fad or 'special offer'.

Not only is this harmful to the environment, it also means that we no longer have a 'special relationship' with the things we use every day and which help us to do something well.

How many of the products on offer today will ever become prized possessions?

This is why we have selected items of quality in the widest sense of the word:

- they are manufactured with great skill according to traditional methods and are thus reliable and practical;
- the materials are carefully chosen to suit the purpose, and are, therefore, attractive;
- they are made from traditional materials, i.e. metal, glass, wood etc., can be repaired and are environmentally friendly.

The result of all our homework is this onlineshop. Somewhere in the region of 1,500 quality items have been selected for inclusion, some of which are true classics which have stood the test of time. They are made from materials of the highest quality, they function well and will outlive any trend or fashion.

We sincerely hope you enjoy our products, you might even like to place an order - or just send us your ideas and comments.

Your opinion is important to us – [Feedback](#)

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EMS dokumendisaaetised

Kaal (kg)	1. tsoon		2. tsoon		3. tsoon		4. tsoon		5. tsoon	6. tsoon	7. tsoon	8. tsoon
	Hind käibeksuga	Hind käibeksuta	KM-ta Hind käibeksuta	Hind käibeksuta	Hind käibeksuta	Hind käibeksuta						
EMS ümbrik, max 250 g	240	200	300	250	360	300	420	350	400	450	500	550
0.5	360	300	420	350	480	400	540	450	500	550	600	700
1.0	420	350	480	400	600	500	660	550	600	650	700	850
2.0	480	400	600	500	720	600	780	650	700	800	900	1150
3	600	500	720	600	840	700	960	800	850	1000	1150	1350
4	660	550	840	700	960	800	1080	900	950	1100	1350	1550
5	720	600	960	800	1080	900	1260	1050	1100	1250	1500	1750

EMS pakisaadetised kaaluga 1-30 kg ja dokumendisaaetised kaaluga 5-30 kg

Kaal (kg)	1. tsoon		2. tsoon		3. tsoon		4. tsoon		5. tsoon	6. tsoon	7. tsoon	8. tsoon
	Hind käibeksuga	Hind käibeksuta	KM-ta Hind käibeksuta	Hind käibeksuta	Hind käibeksuta	Hind käibeksuta						
1	528	440	600	500	744	620	840	700	750	800	900	1050
2	600	500	744	620	900	750	960	800	880	1000	1150	1400
3	744	620	900	750	1056	880	1200	1000	1050	1250	1450	1650
4	828	690	1044	870	1200	1000	1344	1120	1200	1400	1700	1850
5	900	750	1200	1000	1320	1100	1560	1300	1380	1550	1900	2100
6	1044	870	1344	1120	1500	1250	1740	1450	1550	1800	2100	2200
7	1128	940	1500	1250	1656	1380	1800	1500	1700	2050	2200	2400
8	1200	1000	1644	1370	1800	1500	1980	1650	1800	2200	2350	2600
9	1272	1060	1800	1500	1944	1620	2100	1750	1950	2300	2550	2750
10	1344	1120	1944	1620	2100	1750	2280	1900	2050	2500	2650	2950
11	1428	1190	2016	1680	2160	1800	2340	1950	2120	2700	3000	3100
12	1500	1250	2100	1750	2256	1880	2400	2000	2250	2900	3300	3300
13	1572	1310	2172	1810	2328	1940	2460	2050	2400	3100	3500	3500
14	1644	1370	2244	1870	2400	2000	2580	2150	2500	3300	3700	3700
15	1728	1440	2328	1940	2460	2050	2640	2200	2600	3500	3900	3900
16	1800	1500	2400	2000	2580	2150	2760	2300	2750	3700	4000	4100
17	1872	1560	2472	2060	2760	2300	2940	2450	2900	3900	4200	4300
18	1944	1620	2544	2120	2940	2450	3060	2550	3000	4100	4400	4500
19	2028	1690	2616	2180	3060	2550	3240	2700	3150	4200	4600	4700
20	2100	1750	2700	2250	3240	2700	3480	2900	3250	4300	4800	5000

21	2196	1830	2808	2340	3360	2800	3612	3010	3370	4430	4940	5150
22	2292	1910	2916	2430	3480	2900	3744	3120	3490	4560	5080	5300
23	2388	1990	3024	2520	3600	3000	3876	3230	3610	4690	5220	5450
24	2484	2070	3132	2610	3720	3100	4008	3340	3730	4820	5360	5600
25	2580	2150	3240	2700	3840	3200	4140	3450	3850	4950	5500	5750
26	2676	2230	3348	2790	3960	3300	4272	3560	3970	5080	5640	5900
27	2772	2310	3456	2880	4080	3400	4404	3670	4090	5210	5780	6050
28	2868	2390	3564	2970	4200	3500	4536	3780	4210	5340	5920	6200
29	2964	2470	3672	3060	4320	3600	4668	3890	4330	5470	6060	6350
30	3060	2550	3780	3150	4440	3700	4800	4000	4450	5600	6200	6500

Dokumendisaaetised kaaluga üle 5 kilogrammi edastatakse pakisaadetisena ja pakisaadetise hinnakirja alusel.

Euroopa Liidu riigid:

1. tsoon	Leedu, Läti, Soome
2. tsoon	Rootsi, Taani, Fääri saared
3. tsoon	Austria, Belgia, Bulgaaria, Hispaania, Holland, Iirimaa, Itaalia, Kreeka, Küpros, Lichtenstein, Luksemburg, Poola, Portugal, Prantsusmaa, Saksamaa, Slovakkia, Sloveenia, Suurbritannia, Tšehhi, Ungari
4. tsoon	Rumeenia



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» **SERVICES AND PRICES** » **PARCEL SERVICES** » **INTERNATIONAL STANDARD AND MAXI PARCELS** » **PRICES**

International standard and maxi parcels

Prices

No.	Country	Surface mail		Air mail	
		Parcel price +	1kg price	Parcel price +	1kg price
1	Afghanistan	220.00	40.00	205.00	98.00
2	Albania	135.00	16.00	148.00	36.00
3	Algeria	96.00	23.00	122.00	41.00
172	Great Britain	121.00	28.00	121.00	38.00
173	Swaziland	87.00	46.00	91.00	107.00
174	Switzerland & Liechtenstein	114.00	20.00	120.00	28.00

Services and prices

EMS

Courier Services

Letter Services

Parcel services

Domestic standard parcels

International standard and maxi parcels

Mail order sales

Shipment consignments

Direct Mail

Mail order sale

Financial services

International standard and maxi parcels can be used to send all merchandise that can be shipped out of Estonia and can be imported into the country of destination. Also see the list of items prohibited from being sent in any type of postal consignment or which can be sent under special circumstances. Standard and maxi parcels are received by the cashiers of postal institutions and the receipt is verified by a certificate issued to the client.

International standard and maxi parcels can be sent as **registered** or **guaranteed deliveries**.

In the case of **registered parcels** only the weight is paid for and the contents are not insured. Registered parcels are used to send items of lesser value, companies' product samples, etc. The service operates around the world. The material liability is calculated according to the value of contents, but only to the extent fixed by the parcel post regulations of the UPU Postal Convention, i.e. 40 SDR (741.45 kroons) per consignment and 4.50 SDR (83.40 kroons) per kg.

In the case of **guaranteed parcels** or parcels with a disclosed value an insurance payment will be charged in addition the weight fee. Guaranteed parcels will be received for forwarding to countries that offer the corresponding service.

Paid additional services:

Insurance fee for guaranteed parcels (for every kroon of the disclosed value of the delivery or part thereof)	0.05 kroons
Additional fee for "Fragile" and/or "Cumbersome"	60.00

If the standard parcel is to be fragile and is also cumbersome, the additional fee will only be charged once.

The Recession Takes a Toll on UK E-Commerce

AUGUST 17, 2009

A spot of bother.

Growth in UK business-to-consumer (B2C) e-commerce sales (including travel) slowed in 2008, as the recession became a reality for many consumers. And the financial squeeze is expected to continue to influence online buying activity through 2010.

The news isn't *all* bad.

eMarketer estimates that 72.5% of UK Internet users ages 14 and older will buy at least one item online in 2009.

UK Online Buyers* and Penetration, 2008-2013 (millions and % of Internet users)

	2008	2009	2010	2011	2012	2013
Internet users	35.8	37.1	38.4	39.6	40.8	42.0
Online buyers	25.9	26.9	28.0	29.2	30.5	31.8
Online buyers % change	3.6%	3.9%	4.1%	4.3%	4.5%	4.3%
Online buyers % of Internet users	72.3%	72.5%	72.9%	73.7%	74.8%	75.7%

*Note: ages 14+; *Internet users who have made at least one purchase online within the past year*

Source: eMarketer, August 2009

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www.eMarketer.com

Furthermore, between 2009 and 2013, the number of online buyers will rise from 26.9 million to 31.8 million—over one-half of the UK population.

Share Of The Wealth

1% of population owns 21% of wealth



United Kingdom	Percentages							
Marketable wealth								
Percentage of wealth owned by:								
	1976	1986	1996	1999	2000	2001	2002	2003
Most wealthy 1%	21	18	20	23	23	22	24	21
Most wealthy 5%	38	36	40	43	44	42	45	40
Most wealthy 10%	50	50	52	55	56	54	57	53
Most wealthy 25%	71	73	74	75	75	72	75	72
Most wealthy 50%	92	90	93	94	95	94	94	93
Total marketable wealth (£ billion)	280	955	2,092	2,861	3,131	3,477	3,588	3,783