

## Final Report



# SASSY



07/12/2016

## SUMMARY

### Intermediary Report 1

<b>Introduction .....</b>	<b>3</b>
<b>I/ Export Project .....</b>	<b>4</b>
1. Company sheet.....	4
2. Summary of the Export project .....	5
a) Introduction and description of the company .....	5
b) Issues at stake dealing with the daily functioning of the company .....	8
c) The Export Project formulated by the company .....	8
<b>II/ Macro-analysis and global environment criteria analysis .....</b>	<b>10</b>
1. Macro analysis.....	10
a) Main economic indicators .....	10
b) Levels of development .....	12
c) International commerce indicators .....	14
2. Environment criteria of the target country.....	15
a) Political environment and study of international relations .....	15
b) Social environment.....	20
c) Monetary economy and solvency .....	27
d) Cultural distance.....	34
<b>Table of sources .....</b>	<b>38</b>
<b>Introduction .....</b>	<b>40</b>
<b>I/ Regulations and laws .....</b>	<b>41</b>
1) Taxes and duties .....	41
2) Restrictions and specific formalities.....	42
3) Documents .....	43
<b>II/ Product demand .....</b>	<b>45</b>
1) Needs of consumers.....	46
2) The target market and cider expectations of consumers .....	47
3) Purchasing behavior.....	48
<b>III/ Product supply .....</b>	<b>51</b>
1) Needs the studied product answer .....	51
2) Product competing with the same needs .....	52
3) Substitution products which answer the same needs as the studied product .....	55
4) Marketing strategy of Sassy .....	56
5) Marketing-mix of the main competitors .....	56
The product line of Heineken.....	56
The Product Line of Thatchers .....	57
Strongbow dark fruit product line.....	58
6) Comparative advantages of Sassy's product.....	58
7) The major competitors in the market of cider in the UK .....	59

<b>IV/ The market: quantification of the main market .....</b>	<b>64</b>
<b>1) Opportunities .....</b>	<b>64</b>
A. Total cider market quantification.....	64
B. Cider market quantification by segment.....	65
C. On-trade cider market quantification .....	66
D. Off-trade cider market quantification .....	67
E. Cider market quantification by flavour .....	67
<b>2) Threats .....</b>	<b>68</b>
A. Cider market quantification regarding to the imports .....	68
B. Pessimistic forecast .....	69
<b>V/ Logistics.....</b>	<b>70</b>
<b>1) Geography.....</b>	<b>70</b>
<b>2) Climate.....</b>	<b>72</b>
<b>3) Infrastructures .....</b>	<b>73</b>
A) Means of transport.....	73
1) The state of the infrastructures.....	76
B) The effects of the geographic and climate specificities on the transport.....	77
C) Cider transportation .....	78
<b>D) Safety of the frontiers .....</b>	<b>78</b>
<b>Table of sources .....</b>	<b>80</b>
<b>Introduction .....</b>	<b>82</b>
<b>SWOT Analysis .....</b>	<b>84</b>
<b>1) Strengths and weaknesses .....</b>	<b>85</b>
a) Strengths .....	85
b) Weaknesses.....	85
<b>2) Threats and opportunities .....</b>	<b>86</b>
a) Opportunities .....	86
b) Threats .....	87
<b>Access Pass.....</b>	<b>88</b>
<b>1) Distribution channels .....</b>	<b>88</b>
<b>2) Regulations to export.....</b>	<b>88</b>
<b>3) Means of transportation .....</b>	<b>89</b>
<b>Action plan.....</b>	<b>90</b>
<b>1) Short-term: Introduce Sassy's product in the English market.....</b>	<b>90</b>
<b>2) Middle-term: Increase the product awareness by adapting the marketing and communication strategy to the UK cider market.....</b>	<b>92</b>
Marketing B to C.....	92
Marketing B to B.....	95
<b>3) Long-term: Increase the market share in the UK cider market .....</b>	<b>97</b>
Making Partnerships with hotels, bars and restaurants .....	97
Making partnerships with specialized stores.....	98
<b>4) Conclusion of the elaborated action plan.....</b>	<b>99</b>
<b>Financial plan .....</b>	<b>101</b>
<b>1) Introduction .....</b>	<b>101</b>

<b>2) Objective 1: short term .....</b>	<b>101</b>
<b>3) Objective 2: middle term.....</b>	<b>102</b>
Marketing B to C.....	103
Marketing B to B.....	105
<b>4) Objective 3: long term.....</b>	<b>107</b>
<b>1. GANTT Chart.....</b>	<b>108</b>
<b>2. Subsidies .....</b>	<b>109</b>
a) Regional level.....	110
b) National level.....	112
<b>Conclusion.....</b>	<b>114</b>
<b>Table of sources .....</b>	<b>115</b>

## Introduction

The first report gathers a general description of the company and its export project in Great Britain. It gives also an overview of the global environment of the target country across the macro-environment.

The general coordinators of this report are Ondine BERTHELOT & Grégoire HUBER.

The work has been shared between the members of the group:

- Export project

Company sheet: **Benjamin ABITBOL**

Summary of the export project: **Benjamin ABITBOL & Manon CALLERI**

The export project formulated by the company: **Manon CALLERI**

- Macro and global environment criteria analysis

### Macro-analysis

The main economic indicators: **Grégoire HUBER & Alexandre CUIGNET**

Levels of development: **Grégoire HUBER & Alexandre CUIGNET**

International commerce indicators: **Gregoire HUBER & Alexandre CUIGNET**

### Environment criteria of the target country

Political environment and study of international relations: **Marine EBERLE**

Social environment: **Ondine BERTHELOT**

Monetary economics and solvency: **Marine EBERLE**

Cultural distance: **Ondine BERTHELOT**

## I/ Export Project

### 1. Company sheet

**Name:** Sassy

**Legal status:** French start-up

**Parent company:** Sassy France

**Head office address:** Haras de Noirval, Clos Noirval, 14130 Manneville la Pipard

**Town:** Manneville La Pipard

**Post code:** 14130

**Country:** France

**Telephone (international code):** +33(0) 7 86 55 44 37

**Web site:** <http://www.maison-Sassy.com>

**E-mail address:** [contact@Sassyfrance.com](mailto:contact@Sassyfrance.com)

**Retail price (per unit – French V.A.T. free or final price):**

Name of the Product	33cl	75 cl
L'Inimitable	2,70€	6,70€
La Sulfureuse	2,80€	6,80€
Le Vertueux	2,90€	6,90€

**Year of creation:** 2013

**Capital:** 31 617 €

**Type of activity:**

- Cider

#### *Financial data*

**Year turnover (2015):** 200 000€

**Export turnover (2015):** No data

#### *Domestic market*

**Brands:**

Sassy is selling only their product: flavoured cider 100% natural

#### *Product lines:*

**The Inimitable (5, 2°):** drier than its two acolytes, he keeps the fruity flavour and the acidulous notes.

**The Sulphurous (3°):** smooth, it reveals some very fruity notes.

**Le Virtuous (2, 5°):** brisk and acid, it leaves a tender and light taste in your mouth.

**End users:** international customers, drinkers

**Distribution channels:**

- Point of sales (Colette, Merci, Galleries Lafayette, Publicis Drugstore, La Cave de Joël

ROBUCHON, Maison Plisson, Selfridges & Co, BHV Marais)

- Bars (Bristol, Royal Monceau, Syndicat Cocktail Club, Sherry Butt, Prescription, Dirty Dick)
- Restaurants (Plaza Athénée, Frenchie, Dersou, The Beast SmokeHouse)
- Events & Partners: Karl Lagerfeld for GQ Style Night, Alexander Wang for the Fashion Week Paris, Tiffany Cooper for the limited edition, Kamel Mennour, Tod's, and Colette Water Bar

**Suppliers:** Sassy is associated with a producer in the region and a cellar master.

They prefer not to disclose the names of their suppliers. It is important to note that the family of Xavier Audiffret are cider producers in Normandy

#### *Contact in the company*

**Name:** Mr Xavier D'AUDIFFRET-PASQUIER ([xavier.audiffret@Sassyfrance.com](mailto:xavier.audiffret@Sassyfrance.com))

**Telephone:** +33 (0)7.86.55.44.37

**Function:** President/ Co-founder

## 2. Summary of the Export project

### a) Introduction and description of the company

#### *Sassy*

Sassy is a French start-up which has been created by Xavier D'Audiffret Pasquier and Pierre-Emmanuel Racine-Jourdren in 2013. The aim of the company is to revive the cider, which today suffers from a "dusty" image.



#### Sassy is selling 3 types of cider:

##### **The Inimitable** – The original cider

This pure cider is said “recognizable by the balance between its dry taste and its fruity notes” It is an original cider made in Normandy with fresh apples and it follows a strict recipe to keep its delicate aromas.

Figure 1 : The Inimitable cider



##### **The Sulphurous** – The rosé cider

This one is a declination of usual cider, it's a rosé cider. Sassy describes it as “provocative and luxuriant” it has a fruity perfume and is really appealing thanks to its delicacy and lightness.

##### **The Virtuous** – The pear cider



Figure 2 : The Sulphurous cider

The last cider is clearly more bright and brisk, it has more acid notes but keeps a tender and fresh taste in the mouth thanks to the fact that it is a 100% pear juice cider. It is a bright but

*Figure 3 The Virtuous cider* delicate beverage and is a real traditional Norman drink.

Among those products, Sassy choose to export abroad the range of flavoured ciders. The country where goods will be exported is England. This decision was influenced by the taste of British consumers. In England, the most popular drink is cider, way before wines or beers.

One of the competitive advantages of Sassy products is the fact that they produce their cider on the land which it comes from. Indeed, cider appeared for the first time in Normandy in the 6th century. It gives to the goods a traditional image and a sign of quality. The company is relatively young. Xavier d'Audiffret Pasquier and Pierre-Emmanuel Racine-Jourden



*Figure 5 Sassy X Colette*

created it three years ago. Nevertheless, Sassy's ciders are already present in several French stores like Colette, Merci, Publicis Drugstore and BHV Marais. You can also find the products in restaurants located in Paris, such as Piazza



*Figure 3 Collaboration between GQ Style Night and Sassy*

Athénée or Dursou. The choice of distributors is taken very carefully. The point of sales should be in line with Sassy's image. Sassy has participated to very expected events for example the GQ Style Night by Karl Lagerfeld or the Paris Fashion Week.

### Price

For the moment, there are only three different offer. The customers can find the three types of offer on the Sassy's website or in different points of sale.

The website: the customers have the choice between:

- Pack of 6 bottles (75cl): the price varies between 39€ and 41€ (because of the different tastes).
- Pack of 12 bottles (33cl): The price varies between 29,90€ and 34,90€
- Pack discovery (6 x 75cl): with 2 bottles of each range. The price is 59.00 €.



### Main target

Sassy is targeting young population first, between 18 and 30 years old because there are more liable to desire a glass of cider for a pre-dinner drink for example. Sassy want to appear as a fancy cider that you can't find in every grocery, but only in fancy bar, hotel or store such as Selfridges & Co.

The young adults are also concerned because Sassy allows to the customers to taste very good ciders in small quantity for a good price (2, 70€-2, 90€ for a bottle of 33 cl).

### The competitors

Sassy has a lot of direct competitors. In the present day, the United Kingdom drinks the most cider in the world. It is very common to find in on tap in pubs and at the local liquor shop as well as available from smaller labels.

However, Sassy want to be the reference in term of fancy cider, which is what distinguishes Sassy from the other ciders that you can find in pubs or liquor shop.

Figure 7: Devon Red cider

One of the competitor is Devon Red, Winner of the Taste of the West award in 2011, this is a light and fruity "proper" cider that can be drunk with ease.



Figure 8  
Farmhouse Cloudy  
Scrumpy cider

Another competitor is Farmhouse Cloudy Scrumpy, from a multi-award-winning Welsh cider company, this is a medium-dry, traditional-style scrumpy that can be enjoyed by anyone.



However, the main difference with Sassy is the quality of the cider over time, the Sassy offer concerns premium ciders. It is like a Nespresso in the cider sector. There are many indirect competitors such as beer or soda in bottle because it can be a substitute of a bottle of cider.

### Communication and marketing

Sassy is developed on different social networks: Facebook and Twitter. The brand is also represented in the professional press. Finally, Sassy is present in many event such as Paris Fashion Week or GQ Style Night organize by Karl Lagerfeld.

### b) Issues at stake dealing with the daily functioning of the company

In this section, we are going to analyse how exporting will influence the daily functioning of the company.

When firms start exporting and having international business relations, the daily functioning of the company become obsolete. Changes of management inside the company is mandatory. The creation of an international department helps the activity of the firms and could reduce some issues. It is part of the internationalization process of the company.

First, companies face different issues according to the targeted country chosen. In our case, England is a difficult aim because of the high number of British competitors. It is a high-potential market occupied by many firms. If Sassy wants to win market shares in England, the daily functioning of the company need to change. Sassy wishes to export its product along with the label « made in Normandy ». Learning the cultural differences help understand the competitors strategy and the characteristics of English consumers. In 2016, the website marketingweek reported a transaction from cider to cocktails on the market. Sassy products are between the classic cider and cocktails. English consumers might like it.

Sassy will have to search for new suppliers in the region of Normandy to be able to increase its production as well as its future orders. When they become international, firms notice that a large part of the turnover is from exporting. Being more efficient is mandatory. Only 10% of French producers of ciders are exporting. To be part of them, the company must grow and adopt a new functioning. Send employees in England to find distributors there, is a challenge. Sassy will have to be attractive to obtain partnerships. Exporting has a cost. The company will need funds at the beginning of the process. When the company finds new suppliers and funds, English distributors will be more trustworthy towards a future business relationship.

Another issue is the knowledge about the regulation with country outside of Europe. The Brexit changed the business relationships between France and England. In the daily functioning, employees didn't need to inform themselves about incoterms or Brexit effects.

### c) The Export Project formulated by the company

### Intentions

Exportation is the opportunity to become known outside France. To make foreigners taste French cider. And to develop and export in the same time the label "made in Normandy". It's not only a chance for Sassy Company but also for the region of Normandy.

The products chosen are **The Sulphurous**, **The Inimitable** and **Le Virtuous** which are trendy and innovative. This can be a competitive advantage.

### Motivations

The exportation represents a large part of Sassy earnings. The fact that England is a big consumer of cider could increase the company's revenue and size even more.

Its ambition is to find prestigious distributors in London to promote its products and strengthen its brand image. Sassy ciders can't be found anywhere in France and the company wants to recreate this strategy in England.

### Problems encountered in foreign markets

The company was faced with troubles about the regulation with countries outside Europe and the recent Brexit. Sassy must consider the incoterm regulations and the exchange rate.

Another issue is that Sassy is young firm compared to its English competitors. Sassy has to win the heart of the English consumers by showing them the quality and unique taste of its ciders.

### Expected results

The main aim of this project is to provide a complete study of the market to assess the success of a possible exportation of a French fancy cider in the English market, even if they are already implanted in the UK, they want to have a global view of this market so important over there. This report will have to give relevant information to the company about the English competition.

## II/ Macro-analysis and global environment criteria analysis

### 1. Macro analysis

#### a) Main economic indicators

	FRANCE		THE UNITED KINGDOM	
	2014	2015	2014	2015
<b>GDP/per capita</b>	40 546 USD	41 128 USD	40 217 USD	41 477 USD
<b>Variation of the GDP over a year (%)</b>	0.28%	1.2%	2.85%	2.33%
<b>Yearly inflation rate (%)</b>	0.5%	0.04%	1.47%	0.1%
<b>Investment rate (%)</b>	22.157%	21.479%	17.43%	17.156%
<b>Unemployment rate (%)</b>	10.5%	10%	6.3%	5.5%
<b>Trade balance</b>	-58.39 B USD	-49.7 B USD	-191 B USD	-163 B USD
<b>National debt (%)</b>	97.17%	97.5%	89.4%	88.89%

This table compares The United Kingdom and France between 2014 and 2015 through different activity rates. By analysing it, we can make conclusions and see if the target country – The United Kingdom – is a good choice regarding its economy.

The first figure is the Gross domestic product (GDP) per capita which is the monetary value of all the finished goods and services produced in a country in a specific time period. The GDP is used to gauge the health of a country's economy.

Here the GDP is quite alike but it is better in the UK which represents an opportunity for investors because that means the UK is healthier and more apt to receive investment than France.

The variation over a year shows that the UK had more important economic activity than France in 2014 and 2015 and also a better development.

Regarding the inflation rate, UK's one is higher and that implies that goods and services in the UK will be more expensive than in France. But the two inflation rates are not so high so there is

no risk for the exportation. Indeed, those ratios are decreasing so it is a positive advantage for the exportation. But we need to keep in mind the important decrease of the pound sterling in 2016, due to the Brexit.

The investment rate is positive in the UK and much more significant, so investment is still possible in there. In France, the investment was negative in 2014, and very low in 2015, it is riskier and more complicated to invest.

Moreover, the unemployment rate is lower than the French one, which means that the working market is good and it could be an opportunity for the development of Sassy in the UK.

The UK gets a negative trade balance which means that they are exporting less than importing. That could be a threat for Sassy because that means importing in the UK is quite hard or that their export is extraordinary high. Regarding to the evolution over the two years, the British trade balance is getting better.

#### The Brexit created uncertainties about UK's future

In the first half of 2016, growth has been strong. However, on June 23th, the UK voted in favour of leaving the EU (52% has voted to leave), calling into question the maintenance of this trend. In the short-term, uncertainty and volatility are likely to prevail on financial markets. In this context consumer and business confidence has already deteriorated suddenly, which could weigh on private consumption, additionally penalized in the future by the gradually increasing inflation (through the depreciation of the sterling against the dollar and the euro).

The current account deficit was bad last years and should not significantly improve this year: import prices should increase with the sterling depreciation which reached a low point against the dollar in July. However, in a second step the exporting sectors should benefit from the sterling depreciation to gain in price competitiveness and therefore boost exports, and imports should decrease with the internal demand slowdown. That can be a problem for Sassy because they will import from France.

In the Doing Business rankings, the country has gained two places and is in first place among the G7 countries. The business climate is improving: it takes only 4.5 days to set up a business, with

a cut in corporation tax and increased exemptions on social security payments helping to improve the country's attractiveness.

b) Levels of development

	FRANCE	YEAR	THE UNITED KINGDOM	YEAR
<b>Demography</b>	66 627 602	2016	65 236 193	2016
<b>Urban population (%)</b>	80.2%	2016	81.5%	2016
<b>Percentage under 25 (%)</b>	30.39%	2016	29.59%	2016
<b>Life expectancy</b>	81.8 Years	2016	80.7 Years	2016
<b>Infant mortality (per thousand)</b>	3.3 deaths/1,000 live births	2016	4.3 deaths/1,000 live births	2016
<b>Household consumption (variation over a year)</b>	1.5%	2015	2.7%	2015
<b>National debt</b>	2,323.9 B USD	2016	2,056.1 B USD	2016
<b>Telephone lines (per 1,000 inhabitants)</b>	600/1,000 inhabitants	2015	530/1,000 inhabitants	2015
<b>Mobile phones (per 1,000 inhabitants)</b>	1,030/1,000 inhabitants	2015	1,260/1,000 inhabitants	2015
<b>Privately owned cars (per 1,000 inhabitants)</b>	578/1,000 inhabitants	2014	519/1,000 inhabitants	2010
<b>Web connected people (%)</b>	86.4%	2016	92.6 %	2016

<b>Adult illiteracy rate (%)</b>	1%	2014	1%	2014
<b>% of children in full time education</b>	98%	2013	99%	2015
<b>% secondary school student/class</b>	97%	2012	98.5%	2012
<b>% university graduate student</b>	63%	2013	47.8%	2014
<b>Consumption cider (per year and per inhabitant)</b>	1.5L/year/inhabitant	2009	13.2L/year/inhabitant	2009

First of all, the demographic growth is almost the same in the UK and in France. Even if the demographic growth is equal in these two countries, Sassy can reach a lot of consumer. The urban population is higher in the UK than in France, that is a good news for Sassy because they want to distribute its products in luxury retails which are most present in towns.

Furthermore, the percentage of the population under 25 years is important (about 30%), the life expectancy about 81% and the infant mortality is 4.3 for thousand births. These data are nearly the same in France, and shows the development of the country. High life expectancy and low infant mortality, it means more consumers.

The household consumption is more important than in France, and it is a noteworthy advantage because it means that consumers in the UK consume more than in France. Household consumption represent a significant part of the GDP, so this is a key factor. This key data can be interesting for Sassy, because the targeted market is active so it permits for a brand to grow quickly.

More people are connected in the UK than in France (web connected: 86.4% in France and 92.6% in the UK; mobile phone per 1000 inhabitants: 1030 in France and 1260 in the UK). This information show the development of the country too. We can presume that it will be easier to promote the brand in the UK, where a lot of people are connected, than in France.

In the UK, the national debt is lower than in France. It is going to encourage the brand to export in the UK. Then, the population is almost the same in France and in the UK, and do not represent a threat for export.

Finally, we find the quantity of cider consume in the UK and in France. The UK is one of the most important consumer of cider, with 13.2 litters consume per years and per inhabitants. It is more significant than beer and wine. So, export cider in this country is a good opportunity concerning the kind of customers which is present (young people who like drinking alcohols, especially cider).

c) International commerce indicators

	2014	2015
<b>Export amount (billions of \$)</b>	\$473B	\$463B
<b>Import amount (billions of \$)</b>	\$664B	\$626B
<b>Closest commercial exchange</b>	Germany (The UK export to Germany 46.5B USD / The UK import from Germany 100B USD)	Germany (The UK export to Germany 46.3B USD / The UK import from Germany 92.5B USD)
<b>Cover ratio of The UK with France</b>	Import value from France: 41.5B USD 6.25%	Import value from France: 36.6B USD 6%

In 2014, the UK exported \$472B, making it the 9th largest exporter in the world. During the last five years, the exports of the UK have increased at an annualized rate of 6.8%, from \$339B in 2009 to \$472B in 2014.

In 2014, the UK imported \$663B, making it the 5th largest importer in the world. During the last five years, the imports of the United Kingdom have increased at an annualized rate of 6.2%, from \$490B in 2009 to \$663B in 2014.



The main business partner of the UK is the European Union, particularly Germany and then United States. Indeed, Germany is the first supplier, and the second client behind United States. The UK exported 46.5B USD in 2014 and 46.3B in 2015. Moreover, the UK imported from Germany 100B USD in 2014 and 92.5B USD in 2015.

Even if France is not the main partner of the UK, France still remains an important partner. The UK imported 41.5B USD (6.25% of total imports) in 2014 and 36.6B USD (6% of total imports) in 2015. So, France have a strong economical relation with the UK, and it is easier for a company to export in a country in which we have a strong economical relation.

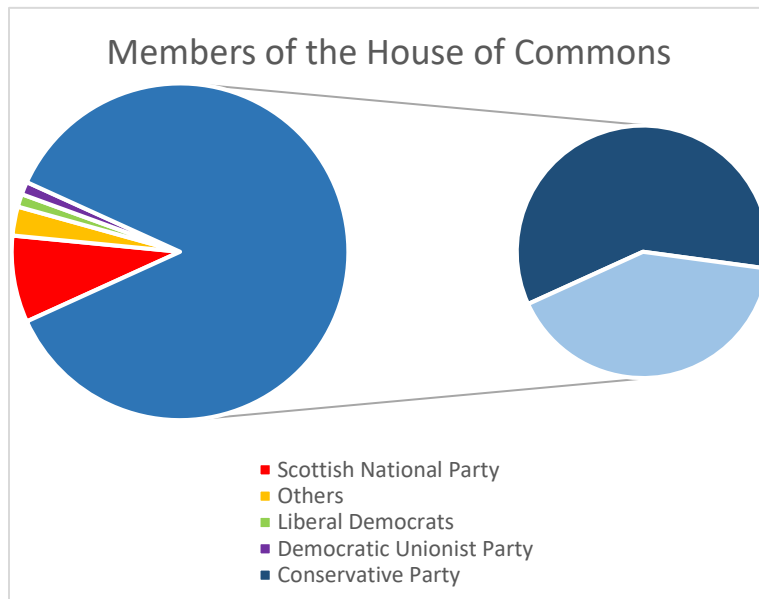
To conclude, we can say that the UK appears as one of the most powerful country in the world. Furthermore, the UK is one of the biggest consumer of cider, and it is a big advantage for Sassy. Even if France is not the main partner, business relations are very good, and can easily evolve. There are agreements between European Union and the UK, but the Brexit can change everything in the coming years.

## 2. Environment criteria of the target country

### a) Political environment and study of international relations

The United Kingdom is governed by the British Government or traditionally called "Her Majesty's Government (HMG). To be even more precise it's the central government of the United Kingdom of Great Britain and Northern Ireland. The leader of the government is the Prime Minister who select the different ministers. The Supreme decision-making committee also known as the Cabinet is composed of the prime minister and 21 most senior ministers. According to the constitution, the monarch is in charge of the executive power. In fact, Queen Elizabeth II follows the advice of the Prime Minister and the Cabinet. The ministers are all Parliament's members mostly elected in the House of Commons of the United Kingdom. This is the lower house of the Parliament composed of 650 Members of Parliament (MPs). The MPs are elected with universal suffrage. The House of Lords (the Right Honourable the Lords Spiritual and Temporal of the United Kingdom of Great Britain and Northern Ireland in Parliament assembled) is the upper house of Parliament. This House is composed of 92 lords for

lifetime named by the Queen, 26 members of the Church of England and the majority are member by right. This House counts more than 800 Parliament members. The Parliament use the Westminster's system which consists in a parliamentary democracy. It is the most use system across the world. The government is responsible in front of the Parliament according to the "responsible government" conception.



We can find different political party present in the Government. In the Parliament (House of Commons and House of Lords) the political party in majority is the Conservative Party. During 2010 and 2015 the Conservative was also at the head of the government with a coalition with the Liberal Democrats. Today it has 330 seats over 650 seats in the

House of Commons. The leader of the Conservative Party is Theresa May. She is also the Prime minister of the United Kingdom. The major opposition party is the Labour Party growing out of the trade union movement and socialist parties of the nineteenth century. The leader of this political party is Jeremy Corbyn. The other party are predominantly represented by the Scottish national party.

Figure 4 Members of the House of Commons

Thanks to the democratic system, the regime remains pretty stable. Concerning the monarch Elisabeth II, she remains as the head of the country since 1952. For almost 100 years the Conservative Party and the Labour party generally alternate as the majority of the government. It gives a good stability to the government of United Kingdom.

Nevertheless, last year can cast doubt on this stability. During his second mandatory campaign, David Cameron promises the citizen to organise a referendum to “Stay” or to “Leave” the European Union. For more than one-year political campaign opposed the two ideology. David Cameron led the “Stay” Party by defending the UE interests. The prime minister had to deal with this issue during his last year of mandatory. This debate around the referendum opposed the whole country. The leader of the “Leave” Party, was the famous mayor of London Boris Johnson. He tries to convince the British of the beautiful future of the United Kingdom if they live the UE. That they were escaping the “UE prison” and escape of all the administrative formalities.

On the 23<sup>rd</sup> 2016 the referendum vote about the Brexit happens. With a huge proportion of participation (72, 2%), the “Vote leaves” reach the majority with 51, 9%. The vote can create two distinct results for the United Kingdom. On the one hand, we can focus on the results in the different areas. London, Scotland and Nord Ireland have a major proportion of “Vote Stay”. These areas are opposed to Walls and England which mostly vote “Leave”. On the other hand, we can focus on the different age category of the voters. If we take the 18 to 24 years old voters, there is a proportion of 73% of “Vote Stay”. On the opposite, the 65 years old and more voters had a proportion of 60% of “Vote Leave”. We can see that the country remains totally divided in terms of geography and term of age of the population on the European problematic.

The status of the United Kingdom faced with EU remains suspended. The citizen has made the choice of living the EU. David Cameron quitted his prime Ministers Job less than one month later. This is not the Conservative Boris Johnson who succeeded as the Prime Minister because of his lack of competence (as explain his second in the campaign Michel Gove). The Prime minister is now the conservative Theresa May. During the Brexit campaign, she gives some information about her position of a confirmed “vote leave”. However, some rumours let us know that Theresa May may have tried to process at unformal negotiations with

Preferential arrangement
Switzerland - Industrial products (01.01.1973) <a href="#">Free Trade Agreement</a> , OJ L 300, 31.12.1972, p.189 - Agricultural products (01.06.2002) <a href="#">Agreement on trade in agricultural products</a> , OJ L 114, 30.4.2002, p.132.
Iceland (01.04.1973) <a href="#">Free Trade Agreement</a> , OJ L 301, 31.12.1972, p.2.
Norway (01.07.1973) <a href="#">Free Trade Agreement</a> , OJ L 171, 27.06.1973, p.2.)

*Figure 5 Europa taxation customs*

European Union to leave the union in the best conditions.

To officially leave the European Union, the United Kingdom must apply the article 50 of the Lisbon Treaty. This is the article which allow the exit of a country of the European Union. After the begin of the process with the use of the 50<sup>th</sup> article, it remains two years of negotiations between the European Commission and the United Kingdom for the official way out of the UK. We don't know yet if the outcomes will remain as a preferential agreement for trade and exchange between the two economic entities. We can make two opposite hypotheses. One can be a complete preferential arrangement which will seem like other commercial agreement already existing. We could presume that the preferential agreement will refer to Northern country such as Switzerland, Iceland or Norway. If the United Kingdom take the status of Switzerland for example and enter again in the Free Trade agreement, the exchange

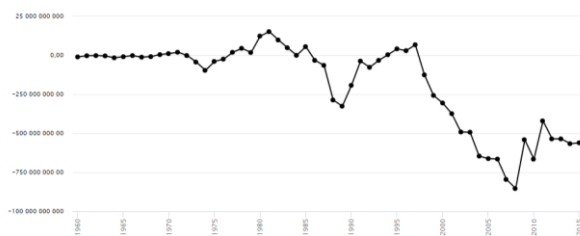


Figure 6 UK Trade Balance USD

between France and the UK won't get very impacted. The other hypothesis gives bad outcomes for the United Kingdom's world trade. If there is no preferential agreement and the UK become a tiers country from the European point of view, there will be way less

exchanges with the European countries. Furthermore, the preferential relationship between the USA and the UK might fall. The USA won't wish to deal with only one country and will prefer to deal with the 27 European country members. If these hypothesis is confirmed the number and exports will hugely decrease in the UK due for examples to some taxation such as custom duty. It will be a very different strategy for Sassy to export in this country because the calculation of the costs might be very different.

Since the end of the World War II, United Kingdom tends to increase the world trade. This is one of the 8 countries that send a national representative to Bretton Wood agreement in 1944. Since 1949, the UK agrees to the general agreement on tariff and trade and helps the world trade organization. Now the World Trade Organization and its 162 States tends to enhance the trade and exchange relationships. In this point of view United Kingdom in a pioneer of liberal government.

When we look at the trade balance of United Kingdom we can see a huge decrease since the 2000 years. After a positively trend from 2008 to 2011, the trade balance fell again. In July 2016 Exports of goods increased 0, 2 percent (GBP 01 billion). Imports of goods went up 7, 5 percent (GBP 2, 7 billion). Imports of goods from EU countries increased by GBP 1, 0 billion. It shows that there is a big opportunity for EU countries to import goods in the United Kingdom.

The United Kingdom show almost every sign of a liberal trade and exchange policy. Since 1988 a Liberal Democrats political party exist. This is a political party which is a supporter a pacifist world exchanges. It is a Europhile party who was in favour of the “Vote Stay”. This political party only counts 8 Parliament members since 2015 elections. This lack of interest from the customers to liberalism reinforce the Brexit ideology. It is very protectionist for a country to

Country Comparison For the Protection of Investors

	United Kingdom	OECD	United States	Germany
Index of Transaction Transparency*	10.0	6.0	7.0	5.0
Index of Manager's Responsibility**	7.0	5.0	9.0	5.0
Index of Shareholders' Power***	7.0	7.0	9.0	5.0
Index of Investor Protection****	8.0	6.1	8.3	5.0

Source: Doing Business - 2016.

Note: \*The Greater the Index, the More Transparent the Conditions of Transactions. \*\*The Greater the Index, the More the Manager is Personally Responsible. \*\*\* The Greater the Index, the Easier it Will Be For Shareholders to Take Legal Action. \*\*\*\* The Greater the Index, the Higher the Level of Investor Protection.

Figure 7 Country comparison for the protection of investors

choose leaving an economic union to compete the world trade exchanges on its own. The protectionist influence develops more and more during the last few years in the United Kingdom. The United Kingdom government encourage foreign investment. There is on the government website a complete Guidance for foreign direct investment in the UK. It has created a fair trade between firms owned by foreign nationals and local UK nationals. In 2013, there is 1, 29 billion USD of foreign capital invested into 112 projects. In 2014 the country ranks at the eleventh largest recipient of foreign direct investment. There are also favourable taxation policies. For the company with a turnover of 1, 5 billion USD or more, they're taxed 28% on their profit. Concerning the companies with a turnover about 300 000 USD, the UK government levies only 21% on the profits. This is a great opportunity for Sassy. The Political Set-up is very transparent and stable which is a good new for foreign investment. It decreases for examples the corruption rate.

World Bank proceed to some Study about the establishment of business operation in the UK which last only 13 days. It ranked the UK as the first in Europe (sixth regarding the world) as the

best place to set up a business headquarter. This ranking considers the positive freedom of Establishment that required no special nationality requirements on directors or shareholders. There are also many forms of investment Aid provide by the Ministry of Industry and Trade. For example, the support can be the selective Finance for Investment scheme in England. It tends to encourage long-term significant investment projects.

The relations between the French republic government and the United Kingdom of Great Britain and Northern Ireland are very long and complex. It includes war and alliances. We can focus on the last 50 years to understand the current relationships between the two governments. One interesting fact is attached to De Gaulle Presidency and his refusal of the UK joining the European Union in 1969. We can also find some opposition of the two countries in the Irak's war debate where France strongly opposed to the use of force that were encouraging USA and the UK. We must wait 2007 and the Sarkozy's presidency to see the relationships between the two countries get closer. 2008 Gordon brown said that "there has never been greater cooperation between France and Britain as there is now". Both head of government tries to build a strong relationship for a "future that will be stronger because we will be together". We can see that this strong begin of relationships has been weaken with the diplomatic problem of Brexit. This diplomatic problem may affect the export of cider in the UK as we already discuss upper if no preferential arrangement will be found.

## b) Social environment

It is really important when exporting in a country to know better about its social environment, therefore in this part we will explain all the different aspects that are specific to the UK. We will first talk about the power in place then develop the question of the social climate and finally bring up the subject of the working population and conditions.

### 1. Power and government

It is really important to know about the government of the chosen country. The whole strategy of our company and the can depend on it.

The United Kingdom is, as its name indicates, a kingdom formed with Great Britain, Wales, Scotland and Northern Ireland, it is then a unitary state that is ruled by a constitutional monarchy. The Queen, Elizabeth II has “the right to be consulted, the right to encourage, and the right to warn” but she doesn’t actually play a really important political role.

The government is actually based on the legacy of the British Empire, it works with a parliament based in the Palace of Westminster which is divided in two houses: The House of Lords (appointed) and The House of Commons (elected). The head of government is then the Prime Minister who is the leader of the political party that holds the largest number of seats in the chamber.

The “power” strictly speaking is held by the leader of the conservative party: Theresa May. But still and as we said, the inhabitants of this country have an important role in all this the referendum policy is applied when necessary and they can depend on the House of Commons to defend their rights.

## 2. Social climate

The social climate is one of the most important issue of the UK’s social environment. The way people interact with each other, the tensions in the country and the global feeling of the population are determinant for our diagnosis export.

As a main information it is important to know that the UK are ranked the second most socially advanced country. Being social in every day’s life is considered really important, without social activities people can feel lost and cannot adapt, so if it is seen as vital with personal life, it is also vital inside the working environment.

As studies and experiences show, British people tend to be really frank and friendly. In the working social climate they can be seen as the best to have to deal with.

The business etiquette among British people needs to be respected, here are a few essentials:

-British are really frank people but they also like to play the “blame game” instead of learning from mistakes, British will have the tendency to blame you for them. However if something doesn’t work or doesn’t fit they will always prefer to tell frankly their opinions and move forward.

-British people love to drink. It is a part of the culture and still relevant for international trades and businesses, if you want to get along with your partners it is recommended to meet in a pub or a bar, even just to talk about business.

-Punctuality is really important in the UK. The British value time-keeping when in business however their life are not rushed so as a foreigner this is a relevant information that you need to keep in mind when dealing with British people.

-Bribery and corruption: In the UK this issue is taken really seriously. A recent report by the global Coalition against Corruption as proven that the country is based on the value of honesty

### 3. Corporate and social responsibilities

“Corporate Social Responsibility (CSR) is now more and more important for British businesses where there is strong growth in consumer activism thanks to the prevalence of social media and grass roots organisations.”

The most important issues are

-Work place issues (work life balance, human rights, employment)

-Community contribution (big society, social justice)

-The environment (sustainability of resources)

The UK is really concerned by this topic and tends to do its best to find appropriate solutions. For our company and because we are exporting we should be really careful with all the issues concerning global warming and climate change, since the COP21 in Paris and the fact that many countries including England agreed on reducing the amount of industrial and commercial waste



and the use of unrenrenewable energies. This problem is then linked to the transportation question: how can we manage to find an eco-friendly way of transport that would not impact on the air quality?

Genetically-modified food has become a major health and environmental issue in the UK. But we have no worries about this concerning our diagnosis export thanks to the fact that all of our products are bio and fresh.

#### 4. The population and the working actives

To have a global idea of the population in the UK, it is interesting to study the pyramid of age. It allows to see the age and sex structure of a country's population. It will also give some element about the economic development.

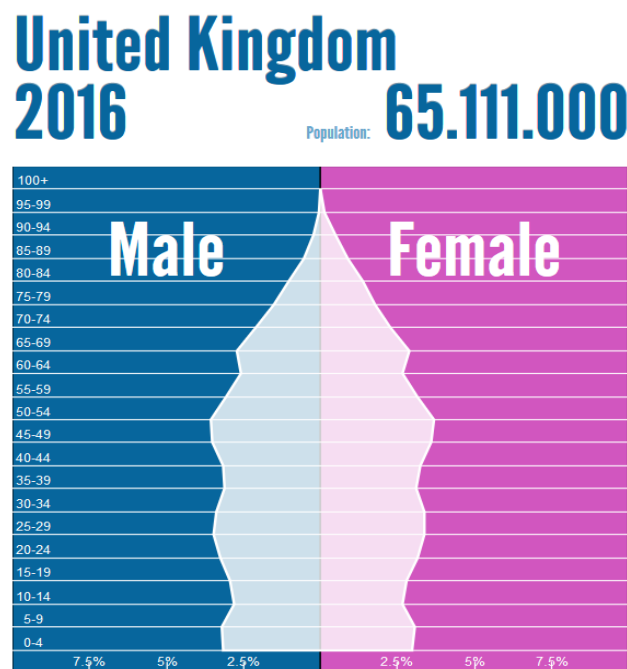


Figure 8 Population United Kingdom

On this graphic we can clearly see that the population of the UK is one part young (20-35) and the other part is aging (45-60). Even if the second part is a little bigger we need to focus on the

important group of the young people who are now young but in 30 years will be a huge target population.

The main problem on this graphic is that the population aged from 0-20 is really inferior to the others and that is not a really good prevision for the following decades. As we can see the demographic renewal is doing “waves” and after a peak of the increasing population it directly goes down.

Sassy needs to be careful with the population, even if their product is available to a wide part of the population, they still concentrate on the youth (18-30) thanks to the packaging and the brand image.

Besides this graphic, it is important to know that “education is of a very high standard in the United Kingdom, where the majority (74% of adults aged 25-64) have achieved the equivalent of a high-school diploma. A significant proportion of the population go on to acquire a university education, where a typical undergraduate degree can be attained in three years, in contrast to most other European countries where undergraduate study normally lasts for five years.”

The active population in the UK is then structured with men and women aged from 16 to 64 approximately it is about 31,50M people in which services are 83 %, industry is 15, 6 % and agriculture is 1, 4 %). But the unemployment in the UK is also consequent, measured by the Office for National Statistics it is 5, 3% of the active population.

## 5. Working conditions

### 5.1 The contracts

The working conditions in the UK usually depends of the contract you sign for. In contrast with France, all the information will then be written on a form you’ll sign and agree with. There exist different forms of contracts like:

- **Full-time and part-time contracts** in which you must give employees : a written statement of employment or contract, the statutory minimum level of paid holiday, a payslip showing all deductions, National Insurance contributions, the statutory minimum length of rest breaks ,Statutory Sick Pay (SSP), maternity, paternity and adoption pay and leave
- **Fixed-term contracts** last for a certain length of time, are set in advance, end when a specific task is completed and end when a specific event takes place

Still for these contracts you must pay your employees the minimum wage and make sure employees don't work longer than the maximum allowed. The employers also need to provide a safe and secure working environment, avoid discrimination in the workplace and make reasonable adjustments to your business premises if your employee is disabled.

- **Freelancers, consultant or contractors**, if you hire them it means that they are self-employed or are part of other companies, they often look after their own tax and National Insurance contributions, (they might not be entitled to the same rights as workers, like minimum wage) you're still responsible for their health and safety
- **Zero-hour contract**: they are on call to work when you need them, you don't have to give them work and they don't have to do work when asked. They have the same wage as a regular worker and you cannot forbid them from looking for another job or accepting another employee.

## 5.2 Minimum wage and legal work time

The minimum wage is divided according to your status:

## Current rates

These rates are for the National Living Wage and the National Minimum Wage from 1 October 2016.

Year	25 and over	21 to 24	18 to 20	Under 18	Apprentice
October 2016 (current rate)	£7.20	£6.95	£5.55	£4.00	£3.40

Figure 9 National Living wage and minimum wage

***“Example** An apprentice aged 22 in the first year of their apprenticeship is entitled to a minimum hourly rate of £3.40. However, an apprentice aged 22 who has completed the first year of their apprenticeship is entitled to a minimum hourly rate of £6.95”*

The legal work time is also under control so people cannot be abused by companies, it is fixed at 48 hours maximum a week. If you’re under 18, you can’t work more than 8 hours a day or 40 hours a week.

### 2.5.3 Retirement and protection

There is a National Insurance to protect you for illness or unemployment but it is wiser to take your own insurance as it is not as developed and financed like in France.

For retirement you can apply for the State Pension, but it is more prudent to save more on the side, the retirement age used to be fixed at 65 (it was the “Default retirement age”) it now no longer exists so you can work as long as you want as long as your job doesn’t require specific physical abilities (construction service) or doesn’t have an age limit fixed by the law (fire service)

To conclude, Sassy needs all this information to enter fluidly the British market. It seems like a lot of this information don't block or forbid the company to do its export and that they could implant easily their product in the country they've chosen.

### c) Monetary economy and solvency

We are going to introduce the monetary economy of the United Kingdom. United Kingdom is still a member of the European Union but never make the choice since 2002 of getting Euro (€) for its national currency. We will find out in this chapter monetary and governmentally criteria required for the export in the United Kingdom.

#### Exchange rate system

The choice of exchange rate regime is very important for the monetary policy of a country. Nowadays in the modern world, most of the world's currencies are based on the free-floating currency system. This exchange system makes the value of a currency wholly determine by the markets forces with the demand and the supply. United Kingdom has chosen this floating system since 1997. It means that the Central Bank of England has not intervened to influence the pound's value during twenty years. This system may help to prevent imported inflation and decrease the risk of speculative attack.

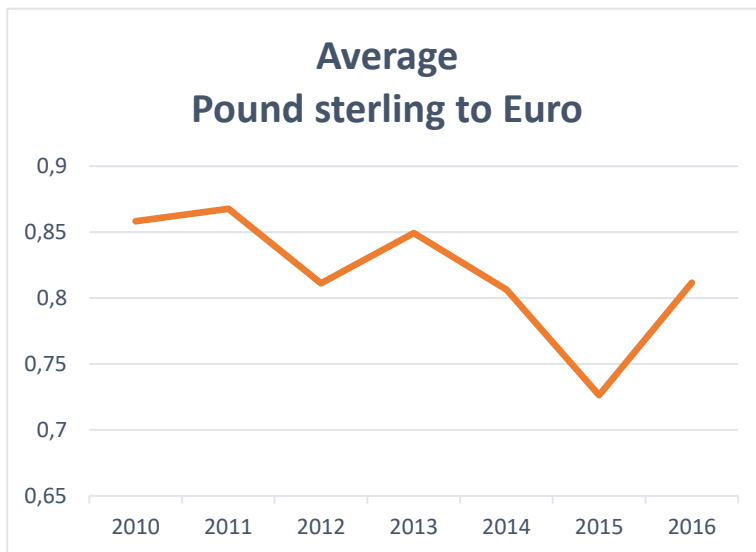
The Sterling average rate is measured by the Sterling Exchange Rate Index (ERI). The Currency of the United Kingdom the Pound Sterling is represented with the acronym GBP. We use EUR for euro.

The following table represents the monthly exchange rate of Pound per euro for the last 6

	2010	2011	2012	2013	2014	2015	2016
January	0,882991	0,846991	0,831387	0,833348	0,82735	0,766911	0,753984
February	0,876334	0,846618	0,837305	0,862304	0,824781	0,740164	0,776308
March	0,901299	0,86779	0,834678	0,859074	0,831448	0,723018	0,780868
April	0,876353	0,883022	0,822559	0,850685	0,82486	0,72345	0,792929
Mai	0,85712	0,875812	0,80426	0,848683	0,815432	0,722721	0,77805
June	0,828227	0,887714	0,806541	0,851934	0,803976	0,720317	0,792243
July	0,836564	0,884619	0,787857	0,862124	0,792842	0,707379	0,841697
August	0,823856	0,876552	0,788846	0,858896	0,797572	0,714727	0,855931
September	0,839114	0,871395	0,798946	0,841846	0,790727	0,732533	0,852892
October	0,87585	0,870182	0,807261	0,848032	0,788371	0,731897	0,89209
November	0,854791	0,85768	0,803745	0,837761	0,790815	0,706141	
December	0,84767	0,844093	0,812895	0,836971	0,787537	0,7275	
Moyenne	0,85834742	0,86770567	0,81121682	0,84930483	0,80630925	0,7263965	0,8116992
Max	0,901299	0,887714	0,837305	0,862304	0,831448	0,766911	0,89209
Min	0,823856	0,844093	0,787857	0,833348	0,787537	0,706141	0,753984

Figure 10 British Pound per 1 Euro Monthly average (X-rate)

years.



Since 2010 the exchange rate between Pound and Euros has evolve a lot. From 2010 to 2012 the exchange rate of the two currencies was in favour of GBP. The same phenome is observed between 2013 and 2015. This tendency wasn't in favour of the exportation in this country if the prices of the exchange were in euros.

Figure 11 Average Pound sterling to Euro

The second figures points out the minimum and maximum exchange rate on every year. We can observe a big change for the 2016 years which hasn't come to its end yet. The minimum exchange rate was 0,75 in January 2016 and jumps to 0,89 in October 2016 and may increase for the two last months of the year.

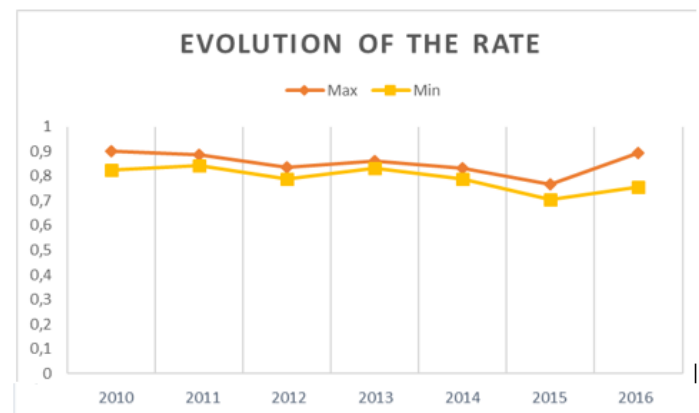


Figure 12 Evolution of the rate

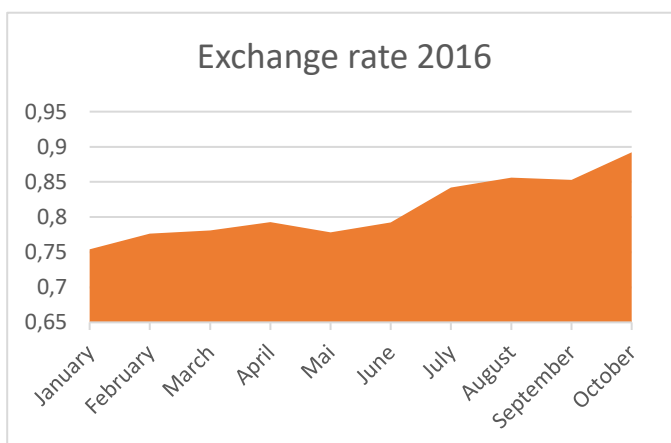


Figure 13 Exchange rate 2016

This third figure focuses on the 2016 exchange rate. We can see the high increase in exchange rate beginning in June 2016. As we explain in the first part of this section, this is one of the consequence of the Brexit referendum. This monetary exchange result

is in favour of company that will export in the United Kingdom with EUR as currency's transaction.



To understand the immediate consequences of Brexit referendum here is a more precise figure of the exchange rate during the year.

We can see that the Brexit referendum date (23:0-/16) is the begin of the huge increase in the pound's value.

### Real Effective Exchange Rate

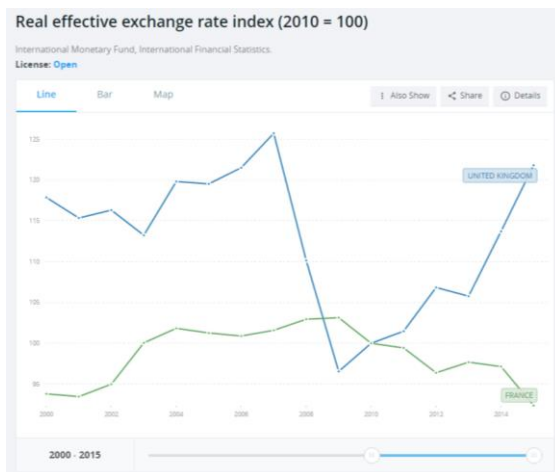


Figure 15 REER Index (World Bank)

The REER is the weighted average of a country's currency relative to an index of other major currencies. The weights are obtained by comparing the difference trade balance of a country's currency against each country within the index. A decrease is the Real Effective exchange rate of a country shows an increase in the price competitiveness of a country. We can compare the

REER of different country to analyse which is the better in terms of price competitiveness. If we take

the REER value ten growing which shows the decrease of the price competitiveness. This is a huge opportunity for a French company like Sassy to export product in the United Kingdom

according to these criteria.

Figure 14 Exchange EUR GBP June 2016 (Bloomberg)

### Monetary policy

In the United Kingdom, The Monetary Policy Committee is orienting the monetary policy in the country. This is a committee of the Bank of England. It's composed of eight members that are primarily responsible for keeping the consumer price index measure of inflation which must get close to the 2% target by the government. The Governor of the Bank Mark Carney, the three Deputy Governors for monetary policy financial stability and markets and banking (Ben Broadbent 2013; Sam Woods 2016; Nemat Shafik 2014), the Bank's Chief Economist (Andy Halane) and four external members for a renewable three-year term. Each member as an equal vote weight. Monthly meeting is organized to decide the official interest rate. The Committee is also responsible of others aspects of government's monetary framework like quantitative easing and forward guidance.

### Legislation on import

When companies export goods in the United Kingdom, the exporters have to full fill an intrastate statement. You can have an individual statement if the value of the goods exceeds 6000 GBP or you can earn time by subscribing a general intrastate statement. Detailed procedures can be find on the government website gov.uk

## Cider and perry

Alcohol type	Rate per hectolitre of product
Still cider and perry: Exceeding 1.2% - not exceeding 7.5% abv	£38.87
Still cider and perry: Exceeding 7.5% - less than 8.5% abv	£58.75
Sparkling cider and perry: Exceeding 1.2% - not exceeding 5.5% abv	£38.87
Sparkling cider and perry: Exceeding 5.5% - less than 8.5% abv	£268.99

An excise or excise tax or also called a special excise duty is an inland tax on the sale of specific goods. In the United Kingdom a list of different goods enumerates the products that are specifically tax with this excise. Alcohol duties such as cider duty, beer duty, and wine duty do exist. *The*

Figure 16 Cider and Perry excise tax (Government UK)



*Alcohol Duty rates from March 2016* refers all the alcohol duties. The picture explains the excise taxes for the cider imported in the United Kingdom.

### Free zone

It exists two types of free zone in the European Union. The free zone control type 1 is considered as a free warehouse. It's a building or premises guarded and locked by Customs. In this premises or building anyone can store goods. We can find many free zone of type 1 in country such as Poland and Romania but none in the United Kingdom. The free zone control type 2 is more like a Customs warehouse. There is a specific geographical area. Control takes place based on the stock account of operator or administrator of the free zone. It's not an enclosure with fence or wall where inspections happen every time goods enter or leave the free zone. This is the administrator who is responsible for the goods in the free zone. If you store goods, you don't have to pay import duties and taxes. You only pay the tax when the good is release into free circulation. One free zone control type two is in the United Kingdom: Ronaldsway Airport.

	<b>MEMBER STATE</b>	<b>FREE ZONE (control type I)</b>	<b>FREE ZONE (control type II)</b>	<b>ADDRESS OF CUSTOMS AUTHORITY (Art. 804 CCIP)</b>
<u>Behav</u> <u>iour</u>	<b>United Kingdom</b>		Ronaldsway Airport (Ballasala, Isle of Man)	PO Box 6 Custom House North Quay Douglas Isle of Man IM99 1AG

*Figure 17 Free zone in United Kingdom (Europa taxation customs)*

pay  
ment

**Percentage of payments made by different methods**

	Individual	Small Business	Large Business
Cash	61%	9%	*
Cheque	2%	25%	14%
Plastic card	27%	7%	1%
Direct Debit	9%	17%	1%
Standing Order	1%	3%	*
CHAPS	*	*	15%
Direct Credit	*	32%	69%
Faster Payments (Internet/phone-banking payments)	1%	4%	*

\* = less than 0.5%

Figure 18 Figure International Finance Magazine

The proportion in the use of several means of payment are completely different. The whole companies of the United Kingdom use the Direct Payment as the major means of payment (50, 5%). On the one hand, we can focus on "small business" category in the figure on the next page which refer the most to Sassy's

company's type. The payment by cheque represents a quarter of

the mean of payment in this specific category. A company that want to export must be prepared to the regular exchange of the country. On the other hand, if Sassy has to do business with large company the means of payment of these one might be totally different. Putting aside the 69% of Direct Credit the Cheque and CHAPS represents 15% each. Clearing House Automated Payment System (CHAPS) is a British company which provide same-day sterling fund transfer. This real time fund transfer reduces the risks of the sender to stop the payment or the risk of return due to insufficient funds. This mean of payment can be a great opportunity to enter the British market by decreasing the risk and loss due to the payment. It also can affect the way to manage liquidity in the company and has to be seriously consider.

### Debt collection

To observe more effectively the payment behaviour of the British companies we can also focus on the debt collection. Debt collection is individuals or business paying debt usually when they don't pay on time. Days sales outstanding is a calculation use by company to estimate their average collection period. This financial ratio illustrates how well a company manage his accounts receivable.

The *State late of payment 2016* gives us a lot of information concerning the late payment of UK companies. We look at the average payday it reaches 5, 85 days in 2015 for the UK companies. France is just after with 6, 1 average payday. Most of the country present on the first figure “the state of late payment” have late payment. In terms of delay (number of days) the UK hasn’t such a bad results. We can even find countries that have a payment behaviour to always pay earlier as the due date.

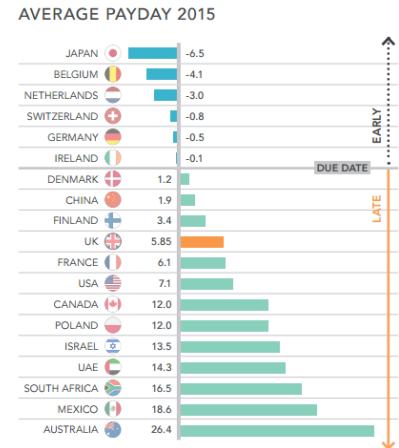


Figure 19 The State late payment 2016

However, if we compare the average payday of Europe with the one of UK we understand it’s a specific payment behaviour to the country. We can also focus on the proportion of invoices paid late we have an even more negative outcome for UK companies. They reach the 62% of delay in the payment comparing to 40% for Europe.

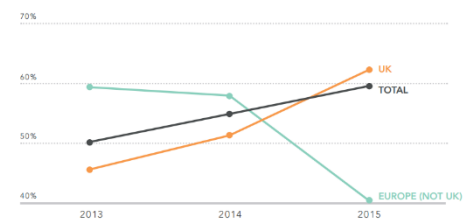
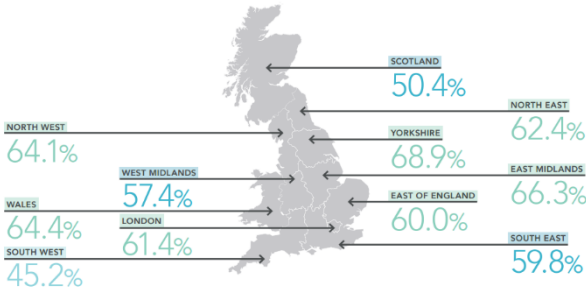


Figure 20 The State late payment 2016

### REGIONAL BUSINESS SPOTLIGHT

#### TREATMENT OF LOCAL SMES

PROPORTION OF INVOICES PAID LATE TO LOCAL BUSINESSES IN THE UK (2015)



delay in this area zone is very close to the national average proportion (61, 4%).

Figure 21 The State late payment 2016

### PAYMENT PRACTICES IN THE UK BY TYPE OF COMPANY, 2013

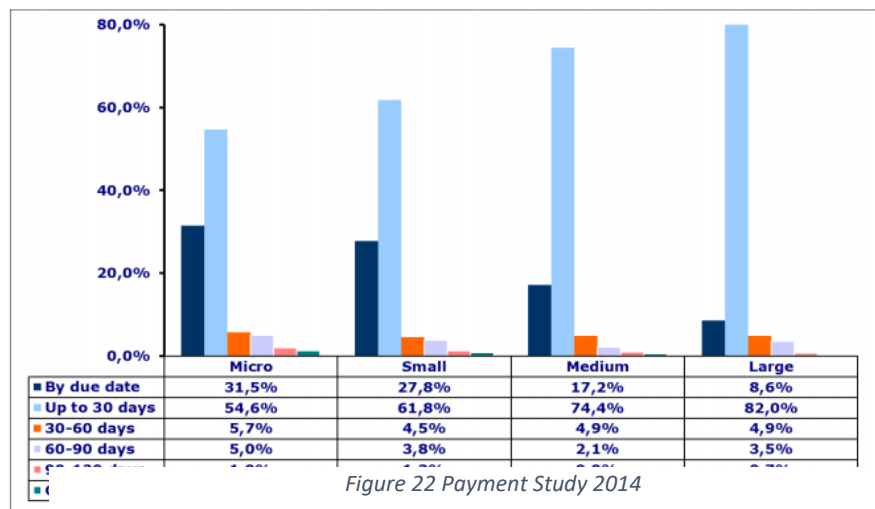


Figure 22 Payment Study 2014

The size of the UK’s company has not much influence concerning the period of payment. The

« up to 30 days » payment period is the most used by the company in the UK in 2013. If we focus on micro and small companies, the use of « by due date » payment is important. The proportion of payment after 60 days is very small. If a company wants to export in the United Kingdom, they have to be inform that they will most likely paid in the 60 next days after the transaction and even more likely in the 30 days.

### Solvency of the companies

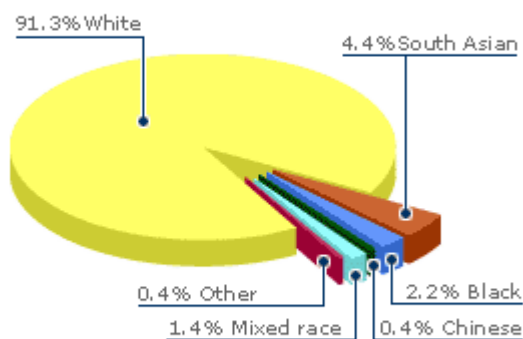
In the United Kingdom, a specific law oversees the solvency of the companies. United Kingdom insolvency law regulates companies which are unable to repay their debts. This policy tries to rescue the company in financial situation of difficulty, minimize the losses and fairly distribute the burdens. Unfortunately, according to *The Telegraph* “UK companies are undercapitalised and *addicted to debt*”. Almost a third of the UK companies manifests an equity ratio which is less as 10% in 2009. There is a crucial lack of capital reserves which induces a large dependency on debt finance.

#### d) Cultural distance

##### *1. Historical and ethnological aspects:*

The Constitution of the United Kingdom is the sum of all the laws applicable in Great Britain and the Northern Ireland. “It concerns both the relationship between the individual and the state,

**Ethnicity in England and Wales**  
(grouped by general background)



**Note:** Figures do not relate to country of birth; Scotland ethnicity: 98% white; NI ethnicity: 99% white **Source: Census 2001**

and the functioning of the legislature, the executive and judiciary. Unlike many other nations, the UK has no single constitutional document. [...] The bedrock of the legislative British constitution since the Glorious Revolution of 1688 has been described as the doctrine of parliamentary sovereignty”.

As said before the United Kingdom is a nation formed with different regions (Great Britain, Wales, Scotland and Northern Ireland), the languages spoken are then: English and Welsh. Even if 90% of the population speak English and for the most part Welsh is only spoken in Wales. Other languages exist but they aren't considered as "official languages" they are called dialects like Gaelic in Scotland.

*Figure 23 Ethnicity in England and Wales*

The English culture is not that complicated to understand, divided in Kingdoms the culture of each is to be included, but after that it is important to also take into account the culture of the country the UK colonised in the past (like Indian and Indonesian) and also other culture such as the British Jews who came in the country during and after the Second World War.

## *2. Aspects related to E.T. ALL theory*

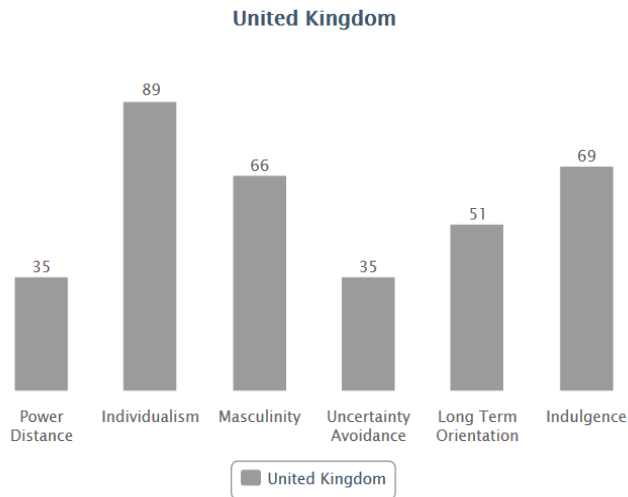
The United Kingdom have a low-context culture, like many other European countries. It knows for example the taboos or the unwritten rules, the way you behave not to shock inhabitants. Here is a list of, for instance it is considered to avoid: greeting strangers with a kiss, gestures such as backslapping and hugging strangers, spitting in public, asking personal or intimate questions such as "How much money do you earn?" or "Why did you divorce?" even if they seem to be normal behaviours in your country.

They use their words to embed greater meaning and their messages are more direct when speaking.

The UK are also a really monochronic country, meaning that they will always have specific precisions related to time, agendas and do one thing at a time.

## *3. Aspects related to G. HOFSTEDE theory*

Level of control of majority uncertainty: 35 /Level of individualism: 89 /



Level of majority collectivism: 11.

Level of masculinity: 66 / majority femininity: 34

Level of power distance: 35

The first dimension is the power distance. The score of Germany is 35 which means in the G. HOFSTDE theory that UK have a strong interdependence between its inhabitants which means that class distinction is weak and communication is simple.

Then individualism, with 89 and it means it is really high. They are considered as really exclusive people. Independency and individualism is really important in the business world and in the private life.

*Figure 24 Different levels (Data of UK)*

The third dimension is the masculinity. With 66, the business sector is strongly full of masculine idea and not really feminism. Even if they are going slowly to changing their minds about that.

Then uncertainty avoidance has a score of 35 which means that even I they are considered as open minded they still have a lot more efforts to do, which doesn't help with the recent event and closes more the minds of the people. It could be this score that caused the Brexit.

The sixth dimension is the indulgence. And with 69, UK is not considered as a really indulgent country but it doesn't mean it is not open to all other culture (the individualism can keep British close sometimes).

#### *4. Aspects related to business anthropology*

British people are really individualist and casual people, they like to have a calm business environment and be able to control all their transactions. Business is always taken seriously and it is always rigorous even when it is about complimenting or promoting.

As in every country around the world, it is really important to respect the etiquette of the country and the sector you are entering in. We already gave example before but for instance: 'How do you do?' is a greeting not a question & the correct response is to repeat 'How do you do?' You say this when shaking hands with someone. If you come from France for example, you will have to respect the queuing system or the punctuality.

In a nutshell the culture from France to the UK could seem to be similar but there are many details you need to take care of, especially when you come for business.

For Sassy it won't be complicated to get along with the British, if they follow carefully the way to behave, the manners and the etiquette.

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## Intermediary Report 2



**SASSY**



17/11/2016

## Introduction

The second report gives an evaluation on the feasibility of the export project in a microeconomic and sectorial context. The objective is to identify opportunities and threats by analyzing the cider activity in the UK for our project.

The general coordinators of this report are Marine EBERLE & Alexandre CUIGNET.

The report is divided in five parts:

- Regulations and laws: **Alexandre CUIGNET**
- Product demand: **Ondine BERTHELOT**
- Product supply: **Manon CALLERI & Grégoire HUBER**
- The market – Quantification of the main market: **Marine EBERLE**
- Logistics: **Benjamin ABITBOL**

## I/ Regulations and laws

First of all, United Kingdom is a special member of the European Union: United Kingdom decided to be in European Union, but not in the Eurozone. It means that UK decided to keep its money, the pound sterling, and actually  $1 \text{ GBP} = 1,1542\text{€}$ . Furthermore, United Kingdom isn't a member of Schengen Space, so people aren't really free to move. But there are lot of treaty and agreement which allow EU citizen to move easily.

### 1) Taxes and duties

When a company want to export their products in another country, it is a necessity to know all the regulations and laws. Regulations and laws depend on the country in which you export and on the products you want to export. To help companies, all the products are referenced with a unique code called TARIC code. The TARIC code is a multilingual database in which are integrated all measures relating to EU customs tariff, commercial and agricultural legislation, to obtain the tax importation related to the studied product.

First, we found the TARIC code of the product: 2206 00 31, corresponding to "BEVERAGES, SPIRITS AND VINEGAR: Other fermented beverages (for example, cider, perry, mead); mixtures of fermented beverages and non-alcoholic beverages, not elsewhere specified or included: Cider and perry".

With this TARIC code and the name of the exporting country, you can know all the restriction about a product in the website of European Union.

The exporting country is United Kingdom, a member of European Union. In fact, inside the European Union, importations and exportations of goods originated from one of the 28 States Members are free to move and there is no customs duty. Even if United Kingdom is not in the Shengen space, United Kingdom have special arrangements: there are not special regulations and laws about the exportation of cider in United Kingdom.

There is only one special regulation called excise tax. This is an inland tax on the sale of specific goods (Tobacco, alcohol,...) or a tax on a good produced for sale, or sold, within a country or licenses for specific activities. Excises are distinguished from customs duties, which are taxes on importation. For alcohol products, the tax depends on the percentage of alcohol. Moreover, countries can choose their excise tax. For Sassy cider, according to the French Customs in 2015, this tax represents 1,33€/hl.

Furthermore, the VAT (value-added tax) is fixed at 20% for a company that export to United Kingdom.

The CET (Common External Tariff) is customs duties, import quotas, preferences or other non-tariff barriers to trade apply to all goods entering in a special area. United Kingdom and France are in the same area, European Union, so there is not CET.

This is a big advantage to export in United Kingdom, because this is a country inside European Union, so there is not a lot of laws and regulations. Products are free to move and there is not customs duty.

But last march, English people voted for Brexit. It means that English people want to leave the European Union. Even if they are still in the European Union, it will change in the coming years. In fact, negotiation will begin soon, and existing arrangements and treaties may change. It is a factor that we have to take into account because Brexit can change relationships between United Kingdom and European Union.

## 2) Restrictions and specific formalities

In the European Union, there isn't quantitative restriction, and the exchange can't be limited. Goods and services are free to move if they respect the rules of free exchange. However, it exists only one restriction. If a company have an anti-competitive behaviour, benefits of a

dominant position in the market, harms to competitors, or set prices, the country can limit the importation and take specific measures.

For Sassy, which want to export cider in United Kingdom, there isn't quantitative restriction. Sassy don't have an anti-competitive behaviour in United Kingdom's market, and there isn't special restriction about the cider.

This is an important advantage for Sassy : there isn't special restriction about cider in United Kingdom, so this is a product easy to export.

But in the coming years, with the vote of the Brexit, special restriction and formalities may change. It is a necessity to be informed about the situation in real time, and to anticipate any changing.

Furthermore, the contain of the cider must be specified in the bottle. This is an obligation to specify the ingredients, the quantity of cider in one bottle, the origin of fabrication, the percentage of alcohol, ... and all the important information related to the fabrication.

### 3) Documents

To export an important quantity of one product (value greater than 135 GBP), the company must provide some documents, to justify the origin and the quality of the cider. All the documents have a specific function and are essential.

- Inside European Union, products are free to move. But the company must transmit to custom, every month, **an exchange of goods declaration** (DEB : déclaration d'échange de biens). This document contains the essential information about the exchange (country of import/export, kind of products, value, number, weight, way of transport...).
- **Commercial invoice**: this is the proof of transaction, between the exporter and importer. In this document, there are all the essential information too (coordinates of exporter/importer, date of the transaction, value, products, number of products, payment method, way of transport...).
- **Freight insurance**, to protect the client against product damage during the journey

- There is a **transport document** too, that reflects the result of planning and consolidating shipments. The freight document is relevant to transferring planning results and maps trips as well as multiple pickups and stops.
- To justify the origin of the products and the place of fabrication, the company must provide a **certificate of origin**. Free trade in European Union depends on the place of fabrication of the products, so this is an important document.
- Cider is a product subject to excise duty. For product subject to excise tax, the company must complete administrative documents:
  - The **electronic administrative document** (DAE: document administrative électronique)
  - The **simplified accompanying document** (DSA: document simplifié d'accompagnement)

In the European Union, transactions are facilitated. There aren't lot of document to complete, and the majority of the goods are free to move. This is a big advantage for Sassy to export cider in United Kingdom, because exchanges are very easy. But it is important to take into consideration the vote for the Brexit last march. Brexit can change relationships between United Kingdom and European Union, and it is important to follow carefully the negotiations

## II/ Product demand

Concerning the alcoholic beverages in general, since 1990, consumers in the UK shows a shifting preference for beer and wine, the consumption of beer still makes up the biggest percentage share but cider is, as we are going to see, still an important drink: beer (35.6%) cider (8.5%) wine (32.9%) spirits (21.6%).

It is important to know that the United Kingdom is known to be one of the most important location for cider. The cider market is worth 2, 8 Billion£ a year. The level of cider consumption is increasing rapidly partly thanks to teenagers and young adults who determine the main target of this market. But even if Sassy is entering a market with consumers who are buying easily cider, the company needs to be aware that the UK cider market also counts many producers. The demand is then very high but multiple studies show that customers are waiting for quality, good prices and a provenance that inspire them trust and confidence in order to buy the product and become loyal customers.

Cider has actually been a staple of the British hearth for two thousand years, if not more. In 55 BC, the Romans upon their first travels to what they called Britannia, in France. They then found the native population already living there making a type of cider in what is present day Kent. France is then the first cider producing country and will always be considered as it. French cider is then well-known in Europe to be excellent and is the fifth producer worldwide and has a really good reputation even when only up to 10% of all the French national production is exported the rest is consumed by French inhabitants.

Given that British consumers are open to discover new products in their country and to consume cider of a good quality, it is an opportunity that Sassy can seize here to challenge UK producers and seduce British consumers with their original product.

## 1) Needs of consumers

In order to understand who are the consumers of cider we need to understand what the drink is associated to and what needs it fulfils. Among the people who already drink cider we need to find who could consume Sassy's products and therefore we need to target the potential customers who respond to the values of the company.

### Lager drinkers:

First of all, even if cider is less consumed than beer, it competes a lot with lager (a sort of blond beer really common in the UK). Nowadays cider is as popular as lager and even more: if the number of lager drinkers is decreasing as the one of cider drinkers is growing, it is because cider becomes a substitute of lager.

Lager drinkers are usually young adults and teenagers and begin to replace it with cider thanks to the fact that the drink is sweeter. Studies show that 58% think it is more refreshing.

Furthermore, half of the consumers (49%) say it has a fresher taste, 44% prefer its sweeter taste, 27% drink it for a change and one in five claim it's less gassy than lager.

### Cider drinkers in the UK:

Ten years ago, 42% of Brits were cider drinkers, this has now grown up to 47% even if less people drink alcoholic beverage overall in the UK. That is because the consumption of cider does not only respond to the need of drinking. In fact, cider can be associated to a moment of pleasure like aperitif to meet with your friends or like a normal beverage to drink with a meal. Cider has been reborn in the UK and cider customers have changed. They are experimental, like to try new things and seek quality, therefore they respond to the values of Sassy

Sassy also answers to the demand of having quality and a good provenance, its cider is produced and bottled in Sassy's Castel in Normandy, the region where cider was born and which is still well-known for apples and cider.

In the UK we found that 46% of the cider drinkers like other apple products. They like the apple flavour, and are interested in apple varieties, a way to acquire customers for Sassy is then to find the "apple lovers".



### Other targets

The company provides a 100% pure juice cider, a gluten free product and their cider is then vegan friendly, and available for all. A larger part of the population also becomes a target for the brand.

To add two other points that can help Sassy target other customers, it is important to know that cider is way less caloric than any other alcoholic beverage, therefore it appeals new consumers such as men and women on diets and people who want a healthy ways of living while keeping their drinking habits.

To conclude the main target is then really large, it contains all men and women of all ages, but if they want to be more precise and have an “easy target”, Sassy should concentrate on teenagers and young adults (18-35) who are attracted to refreshing drinks that are tasty and preferably not expensive. If they want constrict the target Sassy can look more deeply and seek people who are fond of apples.

The brand as the chance to have all the elements to enter easily the market, we are now going to see what the expectations of the customers are.

## 2) The target market and cider expectations of consumers

If you ask between the 64, 1 million inhabitants, most of them will tell you that everybody drinks cider. The United Kingdom drinks the most cider in the world. It is very common to find in on tap in pubs and at the local liquor shop as well as available from smaller labels. Over the past years, volume of cider sales grew from 1,7billion£ in 2011 to 2,8billion£ in 2016.

The French cider expectations in UK are a highest quality, a good provenance, designed packaging, and especially a good price-quality ratio. Also, besides this, France is the first cider producer in the world so British are expecting one of the best ciders if a product comes from France.

Sassy products meet the quality requirements because it is a real crafted cider with an affordable price. Moreover Sassy satisfies the relevant criteria because the product has a

sophisticated and elaborated packaging likely to attract potential British customers who prefer stylish but clean product design.

British consumers drink cider for different occasions, even if cider is not mainstream, they can easily replace beer with it at a bar, drink it accompanied with a meal, for family events or just at aperitif, as Sassy actually recommends it, therefore it can also be a wine substitute.

The main expectation is that cider is made with real fruits, and there, Sassy can be a leader. Not only their cider is hand crafted and made with 100% pure fruits but even their flavoured ciders are only natural. British people, who are nowadays enjoying natural but also flavoured ciders, think it is important to keep the drink natural with no chemical, preservatives or sweeteners added. As we already saw, the provenance is a really important point and the brand also answers to this expectation.

Another point is that, in the recent years, the consumption of smaller bottles over big ones has taken the market. Lone drinkers and small groups' habits, or even orders at a bar are mainly bottles of 75cl that make a portion for one, and here Sassy proposes this option next to its larger bottles too.

The cider market even if increasing is stable a lot of innovation is needed to fulfil the customer expectations. Sassy here can then easily enter the market because the brand matches with the customers will, but the brand still needs to be careful of the other cider sellers while entering the market as we will see later.

### 3) Purchasing behavior

Starting from consumer behaviour, we identify six phases in the buying process of cider:

The perception of need: it is referred to various situational factors and mental states that requires the decision making process. The main reasons behind the decision of buying cider respond to different components: if the product is good for health, if it is a better beverage than other alcoholic drinks the customer can seek and according to a cultural and experimental component.

The search for information: It includes all the actions taken by the potential customer to identify the most suitable product to solve the perceived problem. It considers two categories of information sources: internal sources such as the consumption experiences already had in the past and external sources such as family or friends' influences, advertising and promotions.

The evaluation of alternatives: It covers all substitute products and similar products that the buyer can choose. With reference to this aspect, the survey investigated the type of cider that is more often purchased (apple cider, pear cider, rosé cider, flavoured cider etc.) but also the kind of ciders (cidre doux: a sweet cider that has between 1.5-3% alcohol, cidre demi sec: a medium dry cider with 3-3.5% alcohol, cidre sec or brut: a dry cider, with at least 5% alcohol.) and the provenance of the cider (regional, national or foreign cider). The regulations such as AOC or AOP are also important.

The purchase decision: The other factors, which depend on the final choice of product should be taken into account: the place where the cider is purchased (shops, supermarket, and restaurant, bar or pub), the factors influencing such decision (price, quality, origin) and the average expenditure for the purchase.

The use of the product: It includes all of the factors that determine the overall enjoyment of cider, particularly the consumption opportunities, the frequency of consumption and the way the cider is experienced.

The post-purchase behaviour: it responds to the satisfaction with the product leading to the repurchase intention. It depends of the loyalty concerning the type of cider and/or the brand. The post purchase will take into account all the other phases described above

The purchasing behaviour represents a good opportunity for Sassy thanks to the quality offered by its product. The French cider is liked in the United Kingdom as we explained before for its historical reputation and our company's product has a good quality value, the company has many opportunities in each part of the purchasing process and can appeal thanks to the large variety of products and the way they are presented.

Concerning the distribution, there are many ways in the UK to commercialize cider and to buy it:

Retail sales: Retail sales are really important in the UK, the main retailers are Tesco, Sainsbury, Asda and Marks & Spencer.

Sales in restaurants and hotels: They must be licensed if they want to sell cider (because of the alcohol). Restaurants are already an important part of sales in France for Sassy and is a track to explore in the UK. Sassy as actually some ideas of restaurant they could work with (Augustine Kitchen, Big Fernand London, Sexy Fish, Villandry)

Bars and Pubs and Clubs: As the cider is usually consumed there and that Sassy is selling part of its production already in bar it is then a good idea to do it as well in the UK, here again Sassy already picked a list a bars they could turn to (Century Club, Cuckoo Club, The Weir bar, Shochu Lounge)

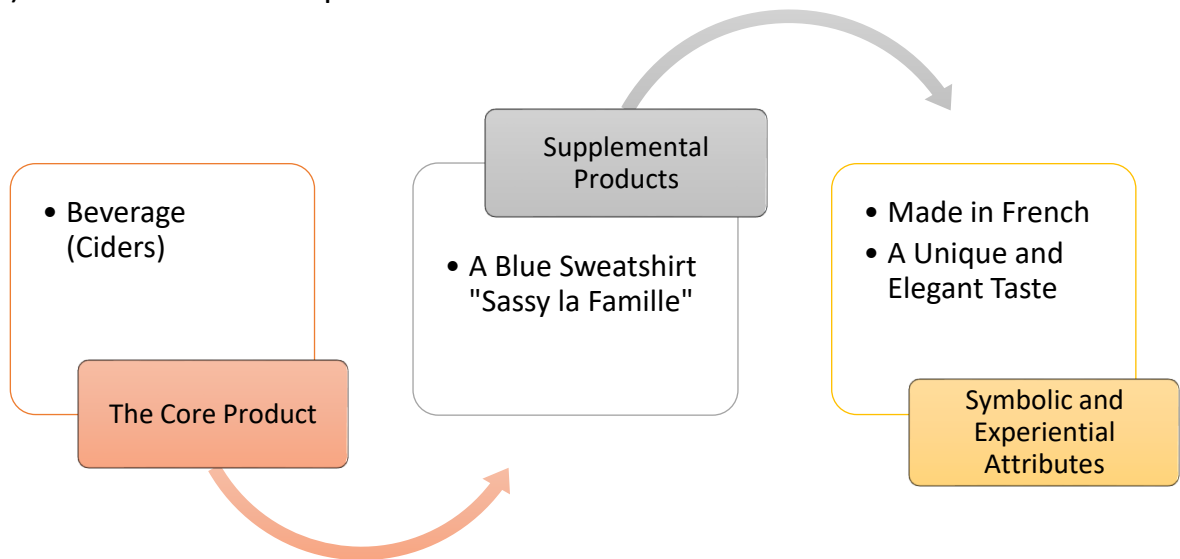
Internet: Sassy can continue to sell to individuals or others through its website

There are various ways to sell cider through the country and it easy to procure it. The studied product can be selling in various places. Sassy focuses first on restaurants and bars and online with its Internet site to compete with the multiple competitors that are local producers as well as foreign companies.

Even if the UK consumes more of its own cider than the French one, it is an opportunity for our company to export its cider there because Sassy can break through the market thanks to all the features and the originality of its product.

### III/ Product supply

#### 1) Needs the studied product answer



Our products answer different needs; it depends on who buys it. We can separate clients in two groups:

- Consumer (Someone who buys good and services for their personal use)

The client loves cider and try all the new products launched on the market. He will be attracted by Sassy products which are a new generation of ciders, focuses on freshness and taste. Buying Sassy products gives him exclusivity among his entourage.

- Customer (A person who buys goods or services from a business)

The client chooses Sassy cider with certain purposes. It could be perceived as a valuable gift because Sassy ciders are upscale products which can be found in a few trendy places.

To qualify Sassy ciders, we can use the terms: traditional, quality, aromatized, high standing, modern and youth. Some of those characteristics are shared with the competitors. We are now going to analyze products already present on the market and close to the image of Sassy ciders.

## 2) Product competing with the same needs



L'Inimitable  
Company: Sassy  
Price: £34.73 / 75cl\*6

Those are the characteristics of the product which will be exported. On the English cider market, there are already products which have some of those characteristics.



**Special Reserve, 5.4%**  
**Company: Worley's Cider**  
Price: £30 / 75cl\*6

This product has the same range of pricing than Sassy product. Special Reserve has caramel flavors. Like l'Inimitable, Special reserve is an aromatized cider. Both l'Inimitable and the Special Reserve are upscale product. Their pricings are high relative to the other products on the market, the company has a similar positioning.



Old Rosie, 3.7%  
Company: Westons Cider  
Price: £26 / 500ml\*12

Old Rosie is a product appreciated by the English consumers. It has the positioning of a traditional drink present on the market for forty years. Compared to Old Rosie, l'Inimitable has also a traditional image not because of the age of Sassy like Weston but thanks to the know-how used over several generations.

**Sassy can still stand out in this competitive environment:**



Finding qualified distributors able to enhance Sassy brand image.



A good communication about the traditional manufacture of cider "Made in Normandy".



Keep a high standing positioning strategy to target specific customers and to differ from competitors.



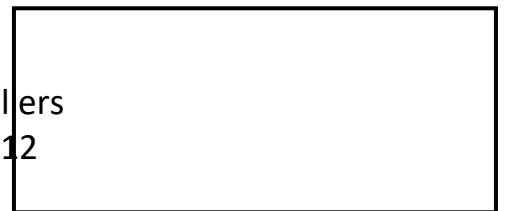
Increase the organization of special events with English brands and influencers.



### 3) Substitution products which answer the same needs as the studied product

**Nyetimber Blanc de Blancs****Company:** Harvey Nichols**Price:** £46 per bottle

Nyetimber is a white wine usually consumed during a drink with appetizers. L'inimitable and Nyetimber can be used for the same purposes. They are also high quality products.

**Best Bitter, 4.5%****Company:** Barrell & Sellers**Price:** £32 / 500ml\*12

This product is a beer well known by English consumers because of its long presence in pubs and social clubs. It is also a product with a modern image enhance by its entertaining website.

Usually when people go out for a drink they order wine, cider or beer. In our market, substitution products are mainly wines and beers.

#### 4) Marketing strategy of Sassy

Its Vision & Mission:

- Sassy vision is to spread the label “made in Normandy” around the world with its range of traditionally made French ciders.
- Sassy mission is to export its products to England and win market shares.

Positioning	Target
Sassy sells alcoholic products	Customers aged over 18 years old
A range of aromatized ciders	With a substantial budget
Premium quality with a pricing higher than its competitors	Customers with an appraisal for ciders.
Products present in bars from prestigious hotels or restaurants, Air France airplanes and private stores.	

#### 5) Marketing-mix of the main competitors

The three main competitors are Strongbow (group Heineken), Thatchers Gold, Strongbow (dark fruit).

The product line of Heineken



Figure 1 Original



Figure 2 Dry



Figure 3 Pear



Figure 4 Clear

Strongbow Original Cider cost: £13.87\*6

Distribution network: present in 170 breweries in more than 70 countries.

### The Product Line of Thatchers



Figure 5 Thatchers Gold



Figure 6 Thatchers Haze



Figure 7 Thatchers Red

### Pricing Strategy of Thatchers:

Thatchers Gold	Thatchers Haze	Thatchers Red
12*500ml = £16.04	12*500ml = £16.04	12*500ml = £18.79

The pricing strategy of Thatcher is to give affordable prices to touch a wide target. The distribution network is on and off trade. Thatchers products can be found on the shop online, in convenience stores and supermarkets.

### Strongbow dark fruit product line



Figure 8 Dark Fruit



Figure 9 Cloudy Apple

Strongbow Dark Fruit	Strongbow Cloudy Apple
10*440ml = £8	10*440ml = £8

Compared to the two others competitors, Strongbow has the lowest price. It is the most affordable pricing strategy on the market. Strongbow (dark fruit) is present on a Shop online, in convenience stores and supermarkets.

Foreign markets always require more competitiveness. Entering a new foreign market can give to the company new opportunities.

Sassy would like to introduce new products (cider aromatized with ginger) in England. Its pricing strategy is not the same as the three main competitors. Sassy products have high prices which give to the company an image of quality and luxury. Such differentiation could benefit the company.

### 6) Comparative advantages of Sassy's product

Comparative advantage is something that allows a company to outperform its competitors.

First of all, the huge advantage of our product is the quality of the cider. The cider selling by Sassy is premium. Its products are 100% local, they are using Norman apples, pears and so on. It means that the quality is higher than the ordinary cider that we can find in supermarket. We know that British customers are looking for quality than quantity nowadays.

The second comparative advantage is enhanced experience of



Figure 250 Cocktail:

*Stone Fence*

Sassy's cider, a new way to drink cider.

Sassy's products can be served in a brand new style with cider served in cocktails with new aromas like ginger or other natural flavours never produced before. Every glass, bottle of Sassy's cider needs to be served perfectly, so that drinkers will want to repeat the experience.



Figure 11 Cocktail: *La Pomme d'Happy*

The last comparative advantage is the origin of our product, introducing products "made in Normandy". In the world of cider, France has a very good reputation. The Norman cider needs to be known worldwide. We should use this comparative advantage on the packaging of the product.

To conclude, consumers nowadays are interested in exploring brands that are less well known or have a strong point of difference. I will say that the Sassy's product has lots of advantages to succeed on the market. British consumers are really attracted by new flavors and the way to savor your cider. The innovation within the fruit cider sector, the cider cocktails made by Sassy, will help to introduce younger adults to cider, who enjoy it during late-night occasions.

## 7) The major competitors in the market of cider in the UK

The market of the cider in the UK is much more an oligopolistic competitive market than a monopolistic one. In fact, a small number of firms has the large majority of the market shares.

The different cider firms are closely interdependent on each other. They want to be present on each segment of the market, if a company launch a new flavor, the others will try copy it in order not to be late on the offer. Therefore, the rival firms remain all the time vigilant about the moves of the firm which takes initiative and makes policy changes. Thus, advertising is a powerful instrument in the hands of an oligopolist. As there is keen competition in an

oligopolistic industry, there are no barriers to entry into or exit from it. However, in the long-run, there are some types of barriers to entry which tend to restrain new firms from entering the industry. It is much harder to enter in it, if you are a new brand, that is not already specialized in cider, but it not the case of Sassy. In an oligopolistic market like the cider's one, there is also competition on the prices of the products, a real price rigidity is existent.

As you will see, two structures exist: the On-Trade cider marketplace and the Off-Trade cider marketplace. We are going to analyze them separately, each one has its own major competitors.

#### Competitors – On-Trade

First, let's focus on the market in which Sassy expect to grow: the On-Trade market. Firms in this industry covers production of cider from apples, pear and other fruit-flavored ciders.

It is essential to separate the different kind of cider offered: draught cider, packaged cider, traditional / craft cider.

► Concerning, the draught cider, the five best brands selling that kind of cider are representing 76% of draught cider volume.

On-Trade			
Ranking	Brand	Nationality	Draught cider volume
#1	STRONGBOW (Group Heineken)	England	76%
#2	THATCHERS GOLD	England	
#3	STRONGBOW (DARK FRUIT)	England	
#4	STOWFORD PRESS	England	
#5	SOMERSBY	Denmark	
#6 - #10	ASPALL, MAGNERS GOLDEN DRAUGHT, CARLING BRITISH CIDER, SYMONDS FOUNDER'S RESERVE, WESTONS OLD ROSIE	England, Ireland, England, Netherlands, England	11.6%

As we can see, local firms, Strongbow (1962) and Thatchers (1904), are leading this segment! They are just European brands.

► The top five packaged cider products account for 54.1% of packaged cider volume. The most popular flavors of the fruit brands are berry flavored. This segment is led by the Swedish firm Koppaberg (1882).

On-Trade			
Ranking	Brand	Nationality	Packaged cider volume
#1	KOPPABERG (MIXED FRUITS)	Sweden	54.1%
#2	KOPPABERG (STRAWBERRY & LIME)	Sweden	
#3	MAGNERS ORIGINAL (APPLE)	Ireland	
#4	BULMERS (NO. 17 CRUSHED RED BERRIES & LIME)	England	
#5	BULMERS ORIGINAL (APPLE)	England	
#6 - #10	REKORDERLIG, STELLA ARTOIS CIDRE, KOPPABERG, MAGNERS PEAR	Sweden, Belgium, Sweden, Ireland	17.8%

► Finally, the traditional / craft cider is dominated by British brands again, which represent 45.6% of the segment's volume. Westons (1880) arrive first.

On-Trade		
Ranking	Brand	Nationality
#1	WESTONS OLD ROSIE – CLOUDY CIDER	England
#2	THATCHERS DRY	England
#3	WESTONS ROSIE'S PIG – CLOUDY CIDER	England
#4	WYLD WOOD	England
#5	HENRY WESTONS VINTAGE	England

As we can notice, heritage brands such as Westons, Thatchers, Magners or Strongbow (Heineken) dominate the On-Trade cider's market, these companies detain an important market share. The majority is from England, and it is relevant to underline the absence of any French company! Premium brands are performing better than mid-priced and economy brands. Private label plays a small part in cider, with the trend towards quality over quantity having hit retailers hard. Major multiples are launching their own premium bottled cider in order to attract consumers back to private label. This is a risky strategy as consumers might still link private label to low quality.

#### Competitors – Off-Trade

Off-Trade		
TOP 10 OFF-TRADE CIDER MANUFACTURERS		
Ranking	Brand	Nationality
#1	HEINEKEN	Netherlands
#2	KOPPABERG	Sweden
#3	C&C GROUP PLC	Ireland
#4	ASTON MANOR	England
#5	A-B INBEV	Belgium
#6	HALEWOOD INTERNATIONAL	England
#7	WESTONS	England
#8	REKORDERLIG CIDER	Sweden
#9	THATCHERS	England
#10	MOLSON COORS	USA / Canada

Off-Trade		
TOP 10 OFF-TRADE CIDER PRODUCTS		
Ranking	Brand	Nationality
#1	STRONGBOW (APPLE)	England
#2	STRONGBOW (DARK FRUIT)	England
#3	KOPPABERG (MIXED FRUIT)	Sweden
#4	KOPPABERG (STRAWBERRY & LIME)	Sweden
#5	FROSTY JACK’S	England
#6	MAGNERS	Ireland
#7	LAMBRINI	England
#8	STELLA ARTOIS CIDRE	Belgium
#9	HENRY WESTONS VINTAGE	England
#10	BULMERS	Ireland

On the Off-Trade marketplace, less targeted by Sassy, competition is also significant. Here, the main manufacturers are international but not necessary English like Koppaberg. However, it is relevant to see that the best sellers are fruit-ciders (dark fruit, mixed fruit), an opportunity for Sassy.

Off-Trade		
THE TOP 5 BY SEGMENT		



APPLE		PEAR		FRUIT	
Ranking	Brand	Ranking	Brand	Ranking	Brand
#1	STRONGBOW	#1	LAMBRINI	#1	STRONGBOW
#2	FROSTY JACK'S	#2	KOPPABERG PEAR	#2	KOPPABERG MIXED FRUIT
#3	MAGNERS ORIGINAL	#3	COUNTRY MANOR	#3	KOPPABERG STRAWBERRY & LIME
#4	STELLA ARTOIS CIDRE	#4	MAGNERS PEAR	#4	BULMERS NO.17
#5	HENRY WESTONS	#5	BULMERS PEAR	#5	REKORDERLIG STRAWBERRY & LIME

Most of the cider consumed in the UK is domestic (Lambrini, Magners, Westons...) with some exceptions such as Ireland, with Magners being a major player or Sweden. Flavour extensions will continue while mainstream brands will most likely continue to discount their products to compete.

## IV/ The market: quantification of the main market

### 1) Opportunities

#### A. Total cider market quantification

The country dominates the worldwide cider market with more than 6 billion hectoliters per year. Furthermore, the sales of cider increase of 24% between 2006 and 2011 and the average cider's consumption is of 19 liters per inhabitant per year. It makes of cider the most consumed alcoholic beverage in the UK. It represents In January 2015 9% of the alcoholic consumption in the UK. The cider's UK consumer are twice the number of wine consumer and ten times more than the beer's UK consumer. Concerning the production of this beverage, UK produces a third of the whole cider and Perry worldwide production which make the country as the most important producer in the world.

To understand the quantification of the targeted market of Sassy, we are going to observe the main market as the Cider and Perry market in the United Kingdom. We can look at the figure below the evolution of the cider's sale in terms of volume in the United Kingdom between 2010 and 2015.

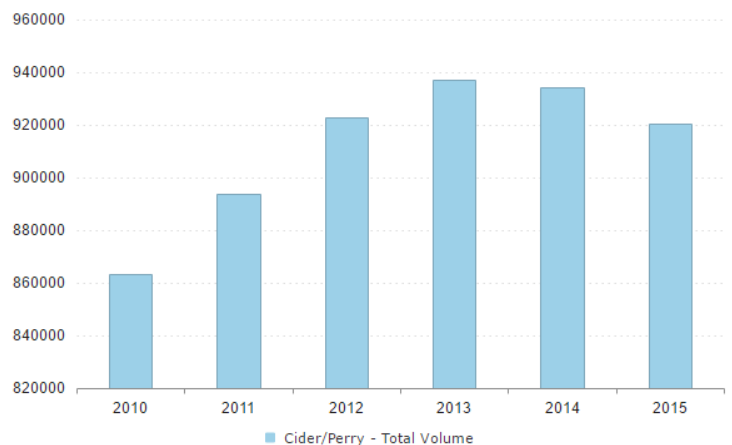


Figure 12 Cider market Total volume - GMID

We can observe a huge increase between 2010 and 2013. In 2014 a light fell tendency

appears which is confirmed in 2015. This tendency wasn't expected in the cider production industry it was likely to be the opposite. In March 2015, a cut of 2% in the duty of cider was encouraging the decade of growth in this market. Nevertheless, the two-consecutive year of negative gross in the cider market in terms of total volume can be explained with two major facts. First the substitute products took advantage of events and innovations. Football world cup 2014 increase the number of beer drinkers which take town the cider consumption.

Furthermore, the huge rise of other sparkling attracts the younger consumers which probably would have drunk cider and Perry instead. The cider producers must be aware of alcoholic beverage innovations which could substitute their offer. Sassy wants to implant new cider with innovative perfumes. This can be a great opportunity for Sassy to attract their market target in the UK. Second, summer 2015 has been described as one of the coldest and wettest summer in three years. Cider is mostly associated as a seasonal beverage and this disappointing summer decrease the number of opportunities for the customer to consume cider. It means that for cider suppliers the largest sales season is summer. Nevertheless, in the UK Sassy has to expected randomly volume of sales due to a widely changing weather in this season.

#### B. Cider market quantification by segment

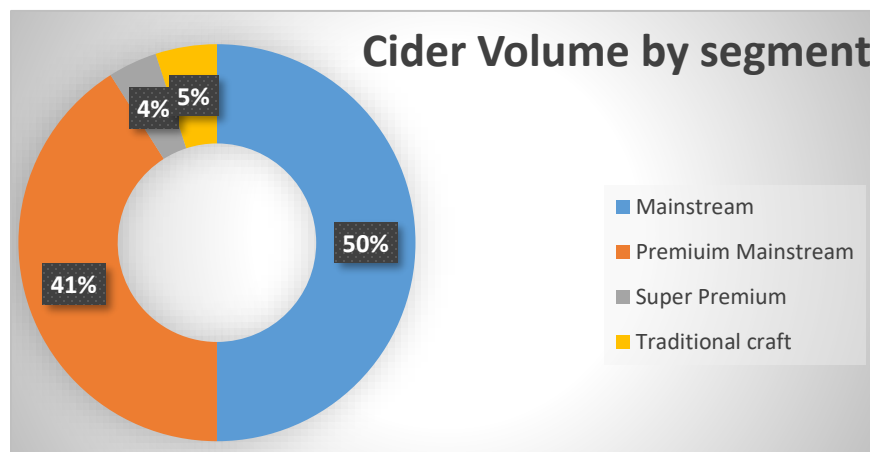


Figure 13 -Cider market volume by segment - Westons cider report 2016

We can distinguish four segments in the English market. Three of them ("Mainstream"; "premium mainstream" and "super premium mainstream") can be associated to the

target of the consumer their reach due to the

price, the quality, the packaging... Traditional cider represents the segment which is mostly produce by regional producers. Sassy can be considered close to the frontier between "premium mainstream" and super "premium mainstream". Regarding to the companies' share, the "premium mainstream" is the more present in terms of volume of sales. Nevertheless, regarding to the evolution of the market "super premium mainstream" can be consider as an opportunity for Sassy with its 4% growth in 2015. Sassy is positioning its product in the right segment to reach the UK's market of cider. We would recommend

Evolution of cider volume by segment between 2014 and 2015

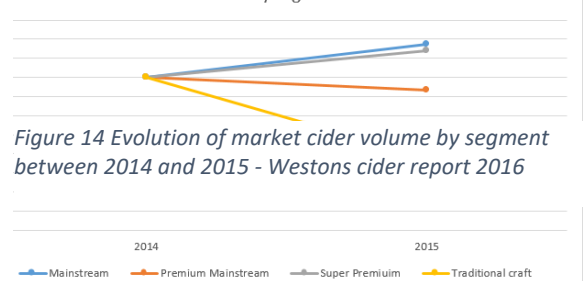


Figure 14 Evolution of market cider volume by segment between 2014 and 2015 - Westons cider report 2016

Sassy to be closer to the Premium main stream products because of its growth and the innovative tend of this segment.

### C. On-trade cider market quantification

The main market of cider can also be divide between the On-Trade and the off-trade market. The term “On-Trade” refers to every business with hotels, bar restaurants. The term “Off-Trade” market refers to food and beverage retailers like supermarkets. The main market of Sassy is to export its cider in hotels, bar and restaurant and we will mainly focus on the On-Trade market. For the last five year, the On-Trade market in terms of volume tends to increase and reaches the 350 000 thousand litre-Cider/Perry in 2015. Between 2010 and 2015 the volume of the On-Trade market cider increase of 6,5%.

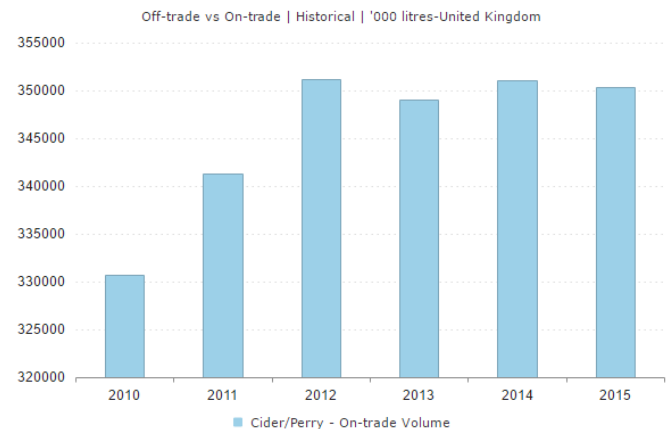


Figure 15 On-trade cider market on Volume - GMID

In terms of value the on-trade market of cider represents 63% of the whole market. Sassy has a great opportunity to export in this market in terms of value. When we take a look at consumer expenses in cider and Perry on the On-Trade market, it reaches the 1,8 billion in 2015. It shows an increase of 2,7% of consumption of cider in the bars, hotels, restaurants. This optimistic gross can be a sign of the increase of consumption by the households regarding at the ending of the 2008 financial crisis. This is a good timing opportunity for sassy to exports its cider in bars, hotels and restaurants.

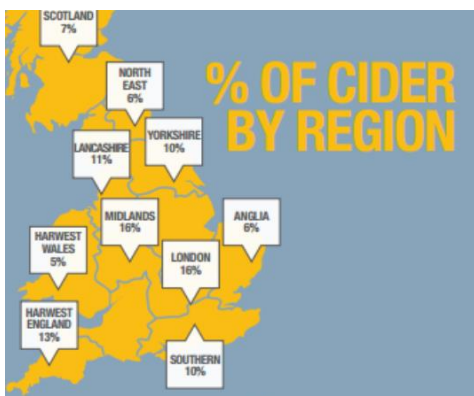


Figure 16 Percentage of consumption of cider in the On-trade market by region - Westons report 2016

To understand better where sassy should focus its import of cider in the UK's bar, restaurants and hotel we can look at the map below that shows the On-Trade cider and Perry consumption per regions. We can see that London and the Midland is the biggest in terms of On-Trade consumption of cider. Sassy project to export in London can be confirmed by the 16% of the UK consumption of cider.

#### D. Off-trade cider market quantification

Sassy has also the project to import its cider into some specific shop offering very good quality product. We can compare the targeted shop as the Parisian “Le Bon Marché”. Most of the cider of the Off-Trade market is market in grocery retailers and supermarket. Sassy would differentiate itself by selling cider in specifics beverage store. The volume of the Off-Trade market is bigger than the On-Trade market and reach the 570 000 thousand

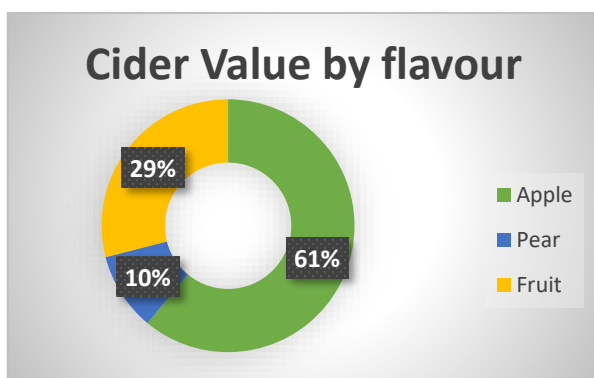
litre-Cider/Perry in 2015. The increase between 2010 and 2015

reaches the 7%. Regarding to the volume of sales, Sassy should import more in terms of volume into the Off-Trade cider market than the On-Trade cider market. Nevertheless, Off-Trade sales dropped in 2015 and we don't know yet if the tendency is more likely to be confirmed or not.



Figure 17 Off-trade cider market in Volume - GMID

#### E. Cider market quantification by flavour



should definitively export in the country because of the nature of its products.

Sales of fruit flavour ciders increased by 23% (£45m) in the last year. Kopparberg is currently the UK's second bestselling cider totalling sales of £112m in 2014. Year over year the fruit category increase 12% in 2015 to reach the second place of this market cider segmentation in terms of value. The 29% Tend to increase in the next years. Sassy

Figure 18 Cider market value by flavour \_ Westons cider report 2016

Fruit

flavour can be associated to the new flavour of cider that sassy wants to export in the UK cider market.

## 2) Threats

### A. Cider market quantification regarding to the imports

The negative aspect of the market cider of UK can be divide between the volume of import and the pessimistic forecast. When we look at the UK imports of cider can see that the imports tend to decrease. In 2011 the volume of import in term of thousands litres-Cider/Perry import reached the 170 000. Two years from today in 2014 the imports of cider in the UK was not reaching the 120 000 thousand litres-Cider/Perry. The VAT of UK for the last five years hasn't change and is 20%. It doesn't

impact the level of import of the lasts years because thanks to its stability. Furthermore, the fact that UK is going out of the European Union (Brexit) will probably produce a decrease in the volume and the value of imports. We don't know when and how the Brexit is going to take place. If a preferential agreement between UK and the EU is created (most likely situation that should happen), the impact of Brexit should be minimize and the imports won't suffer the Brexit issues.

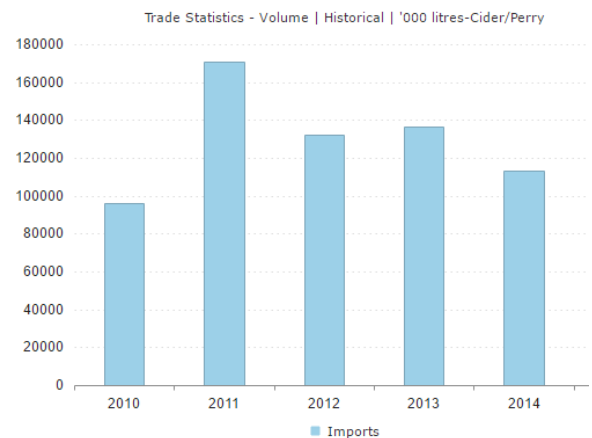


Figure 19 Cider imports in the UK in volume- GMID

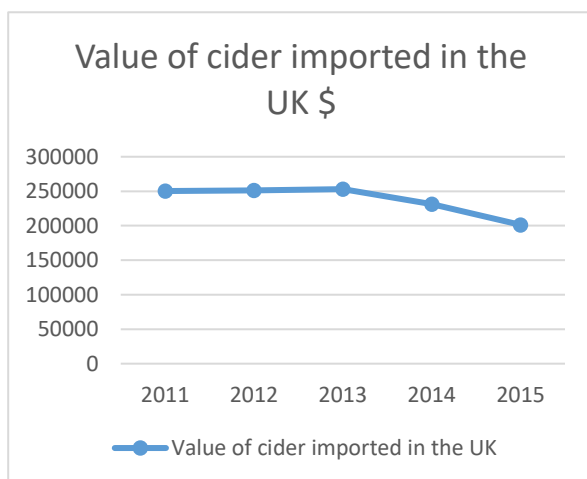


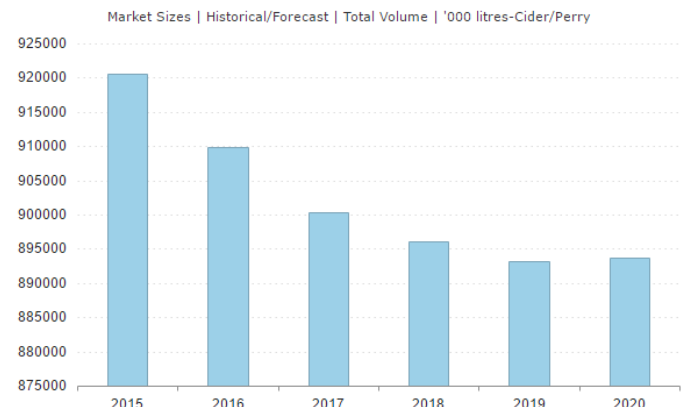
Figure 20 evolution of cider imports in the UK in terms of value

In terms of value, the same negative outcome can be observe. The value of cider imported in the United Kingdom has a huge tendency of decrease. If the same tendency is observed for the next years in 2017 the UK imports of cider may not reach the 150 000 \$ in 2018. Because of the issue of the Brexit we can imagine a whole negative tendency on the UK

imports. This negative growth will also impact Sassy's market's import.

### B. Pessimistic forecast

The forecast of the cider market in the United Kingdom in terms of value is pessimistic. If the forecast of the following figure reveals right, the cider total volume in terms of thousands litres-Cider/Perry will barely reach the 895 000 in 2018. Two years later in 2020 the forecasts are even more pessimistic with 894 000 thousands litres-Cider/Perry in the UK. The Cider market in the UK might decrease of almost 3% in the next four years.



## V/ Logistics

### 1) Geography



Figure 22 Map of United Kingdom

The United Kingdom regroups the island of Great Britain (England, Scotland and Wales) and the northeastern one-sixth of the island of Ireland (Northern Ireland), and several smaller islands. Great Britain is the world's eighth-largest island. The name Britain is sometimes used to refer to the United Kingdom as a whole, while "Great Britain" is used only in reference to England, Wales, and Scotland.

Its geographical coordinates are between latitudes 49°N and 59°N and

longitudes 8°W to 2°E. The Royal Greenwich Observatory, in South East London, is the defining point of the Prime Meridian.

The UK lies between the North Atlantic Ocean and the North Sea, and comes within 35 km of the northwest coast of France, from which it is separated by the English Channel.

**Northern Ireland** shares a 360 km international land boundary with the Republic of Ireland.

**England**, occupying most of southern Great Britain, includes the Isles of Scilly off the southwest coast and the Isle of Wight off the southern coast.

**Scotland**, occupying northern Great Britain, includes the Orkney and Shetland islands off the northern coast and the Hebrides off the northwestern coast.

**Wales** lies west of England and includes the island of Anglesey to the northwest.

At its widest the United Kingdom is 500 km across. From the northern tip of Scotland to the southern coast of England, it is about 1,000 km. With a total area of approximately 241,930 square kilometres



The physical geography of the UK varies greatly:

**England** consists of mostly lowland terrain, with upland or mountainous terrain only found north-west of the Tees-Exe line.

**Scotland** is the most mountainous country in the UK and its physical geography is distinguished by the Highland Boundary Fault which traverses the Scottish mainland from Helensburgh to Stonehaven.

The faultline separates the two distinctively different regions of the Highlands to the north and west, and the Lowlands to the south and east.

**Wales** is mostly mountainous, though south Wales is less mountainous than north and mid Wales.

**Northern Ireland** consists of mostly hilly landscape and its geography includes the Mourne Mountains as well as Lough Neagh, at 388 square kilometres, the largest body of water in the UK.

The tallest mountain in the UK, is Ben Nevis, in Scotland. The longest river is the River Severn which flows from Wales into England. The largest lake by surface area is Lough Neagh in Northern Ireland, though Scotland's Loch Ness has the largest volume.

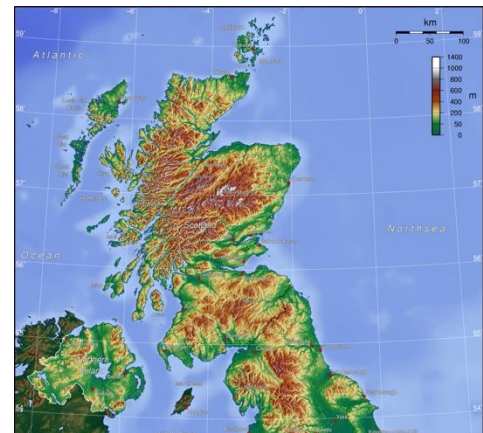


Figure 23 Topography of United Kingdom



For the Export Project, Sassy is targeting mostly London, where most of young adults are reunited. London is the capital as well as the most crowded city of England and the UK.

The population for London in 2015 is 8.623 million.

## 2) Climate

The climate in UK is moderate and temperate. According to the Köppen's classification which is a climate classification system based of the precipitations and the temperatures, UK has an oceanic climate (or Cfb). Generally, the country does not have longer periods of freeze or hot temperature. The winters are cold, cloudy and wet whereas the summers are moderately warm.

- Northern Ireland, Wales and western parts of England and Scotland, being closest to the Atlantic Ocean, are generally the mildest, wettest and windiest regions of the UK, and temperature ranges here are seldom extreme.
- Eastern areas are drier, cooler, less windy and also experience the greatest daily and seasonal temperature variations.
- Northern areas are generally cooler, wetter and have slightly larger temperature ranges than southern areas.

If the air masses are strong enough in their respective areas during the summer, there can sometimes be a large difference in temperature between the far north of Scotland (including the Islands) and south-east of England often a difference of 10–15 °C.

England Weather Averages													
Month	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
Average maximum temperature °C (°F)	6.9 (44.4)	7.2 (45.0)	9.8 (49.6)	12.4 (54.3)	15.8 (60.4)	18.6 (65.5)	20.9 (69.6)	20.7 (69.3)	17.9 (64.2)	13.9 (57.0)	9.9 (49.8)	7.2 (45.0)	13.5 (56.3)
Average minimum temperature °C (°F)	1.3 (34.4)	1.1 (34.0)	2.6 (36.7)	3.9 (39.0)	6.7 (44.1)	9.5 (49.1)	11.7 (53.1)	11.5 (52.7)	9.6 (49.3)	6.9 (44.4)	3.8 (38.8)	1.6 (34.9)	5.9 (42.6)

Northern Ireland Weather Averages													
Month	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
Average maximum temperature °C (°F)	6.7 (44.1)	7.1 (44.8)	8.9 (48.0)	11.1 (52.0)	14.2 (57.6)	16.5 (61.7)	18.4 (65.1)	18.1 (64.6)	15.7 (60.3)	12.5 (54.5)	9.2 (48.6)	7.5 (45.5)	12.2 (54.0)
Average minimum temperature °C (°F)	1.2 (34.2)	1.2 (34.2)	2.3 (36.1)	3.3 (37.9)	5.6 (42.1)	8.3 (46.9)	10.6 (51.1)	10.2 (50.4)	8.3 (46.9)	6.1 (43.0)	3.1 (37.6)	2.0 (35.6)	5.2 (41.4)

Scotland Weather Averages													
Month	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
Average maximum temperature °C (°F)	5.0 (41.0)	5.2 (41.4)	6.9 (44.4)	9.3 (48.7)	12.8 (55.0)	14.9 (58.8)	16.9 (62.4)	16.6 (61.9)	13.9 (57.0)	10.8 (51.4)	7.4 (45.3)	5.7 (42.3)	10.5 (50.9)
Average minimum temperature °C (°F)	-0.2 (31.6)	-0.1 (31.8)	0.9 (33.6)	2.1 (35.8)	4.5 (40.1)	7.2 (45.0)	9.3 (48.7)	9.2 (48.6)	7.2 (45.0)	4.9 (40.8)	2.0 (35.6)	0.5 (32.9)	4.0 (39.2)

Wales Weather Averages													
Month	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
Average maximum temperature °C (°F)	6.5 (43.7)	6.6 (43.9)	8.6 (47.5)	11.0 (51.8)	14.5 (58.1)	16.8 (62.2)	19.1 (66.4)	18.8 (65.8)	16.2 (61.2)	12.8 (55.0)	9.3 (48.7)	7.4 (45.3)	12.3 (54.1)
Average minimum temperature °C (°F)	1.3 (34.3)	1.1 (34.0)	2.4 (36.3)	3.4 (38.1)	6.0 (42.8)	8.6 (47.5)	10.9 (51.6)	10.7 (51.3)	8.8 (47.8)	6.5 (43.7)	3.7 (38.7)	2.2 (36.0)	5.5 (41.9)

gap is very small between the two countries.

To conclude, the weather does not have many differences with the French weather. It means that the adaptation will be quite simple for the product. Furthermore, UK is well-known for the quality of its cider; the Sassy product should not be affected by the climate change because the

### 3) Infrastructures

#### A) Means of transport

The means of transport are diversified in UK:

##### ➤ Air freight:

UK has many regional, national and international airlines exist to transport passengers and cargo through the country and all around the world. There are 471 airports and airfields in the United Kingdom, of which 334 are paved. There are also 11 heliports. (2004 CIA estimates). London Heathrow Airport is the largest airport by traffic volume in the UK, and is one of the world's busiest airports. Gatwick Airport is the second largest and the third is Manchester Airport. The air transport is well-developed in UK.

##### ➤ Rail freight transport:

The railway system in Great Britain is the oldest in the world. Goods traffic is currently low compared to historic levels, in 2013-14 Britain's railways moved 22.7 billion net tonne kilometers There is no goods transport by railway in Northern Ireland.

➤ **Maritime transport:**

Due to the United Kingdom's island nature, before the Channel Tunnel and the advent of air travel the only way to enter or leave the country was on water, except at the border between Northern Ireland and the Republic of Ireland.

Approximately 95% of freight enters the United Kingdom by sea (75% by value).

Three major ports handle most freight traffic:

Grimsby & Immingham on the east coast.	Port of London, on the River Thames.	Milford Haven, in south- west Wales.
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There are many other ports and harbours around the United Kingdom, including the following towns and cities:

Aberdeen, Avonmouth, Barrow, Barry, Belfast, Boston, Bristol, Cardiff, Dover, Edinburgh/Leith, Falmouth, Felixstowe, Fishguard, Glasgow, Gloucester, Grangemouth, Grimsby, Harwich, Heysham, Holyhead, Hull, Kirkwall, Larne, Liverpool, Londonderry, Manchester, Oban, Peterhead, Plymouth, Poole, Port Talbot, Portishead, Portsmouth, Scapa Flow, Southampton, Stornoway, Stranraer, Sullom Voe, Swansea, Tees (Middlesbrough), Tyne (Newcastle).

There are more than 50 freight ship's companies in UK. Those companies are using the ocean, the canals, the rivers to transport goods.

The list is available on : <http://www.ukpandi.com/publications/links/shipping-companies/>

➤ **Road freight:**

Road is the most popular method of transport in the United Kingdom, carrying over 90% of motorised passenger travel and 65% of domestic freight.

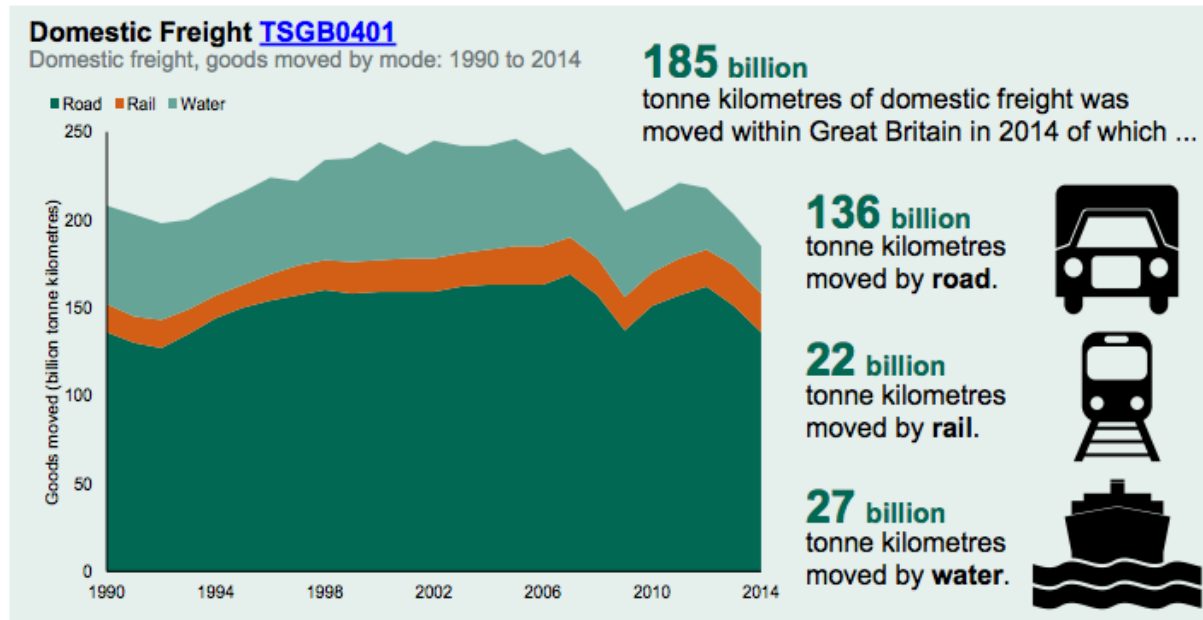


Figure 24 Domestic Freight of goods moved by mode

For the domestic freight, the road freight is the most used, with this graphic more than 136 billion tonne kilometres have been moved by road, more than 73% of the total domestic freight moved in Great Britain.

The road network in Great Britain consists of:

- 12,225 km of trunk roads (including 3,502 km of motorway),
- 38,074 km of principal roads (including 55 km of motorway),
- 114,656 km of "B" and "C" roads (corresponding at a zone road available on internet)
- 233,382 km of unclassified roads (mainly local streets and access roads)

That's a total of approximately 398,350 km.

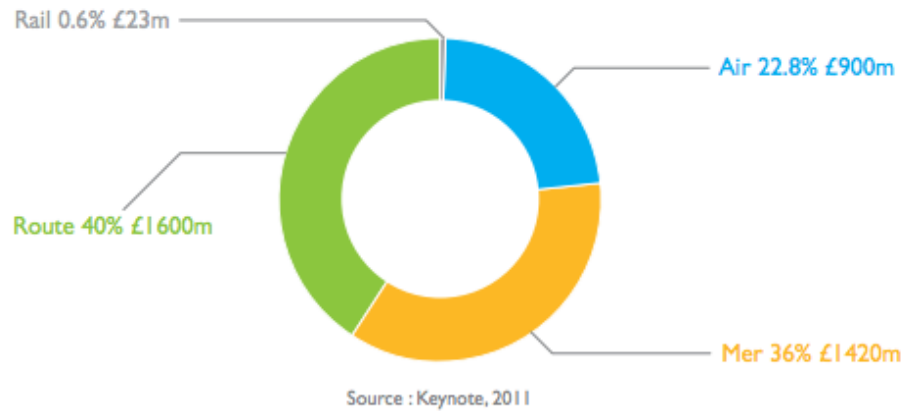


Figure 25 International Freight of good moved by mode

International freight represents 21.4% of total freight in the United Kingdom. Road is the main means of International transport of goods. Then comes the maritime followed by the air. Rail transport comes in last position.

To conclude, there are four means of transport in UK for domestic freight and 3 for the international freight (the rail freight is hardly ever used). For the domestic use, the road is the most used while international freight privileges the 3 means of transport.

It could be a real opportunity to export a product from France to UK because of the diversity of transports.

UK is a very developed country because it used all the space available to have connection between the regions and the cities. Furthermore, Europe facilitates transport of goods between countries and that encourage to export product in the European countries.

#### 1) The state of the infrastructures

UK is a developed country and its infrastructures are in a good condition. This is a real advantage for an export project. The analysis of the condition of each mean of transport is important to make an appropriate choice.

- **Air freight:** UK has a real competitive position in the air freight. The quality and the efficiency of this mean of transport is internationally well-known. The security and safety

standards are often checked in all the airports.

- **Rail freight transport:** this mean of transport is a model for its dynamism and its quality. Its network is very functional and cross all the regions.
- **The maritime transport** is in a good condition. A good example of the Britain's power in the maritime transport is Dovers. This port is located in the southeastern part of UK on the Channel. It is the largest inland port in UK.
- **The road freight:** UK is globally known to be very efficient for the transport of goods. The road network is one of the densest road networks in the world. The modernity and the reliability are two main characteristics of the road freight in UK.

UK has one of the world's most sophisticated transportation systems. The infrastructure is always maintained and upgraded regarding the increasing amount of traffic and its many industrial and commercial relationships. The quality of the transportation systems allows to facilitate importation or exportation in UK, this idea is very important and positive for Sassy product.

#### B) The effects of the geographic and climate specificities on the transport

There are some geographic and climate effects on the transport<sup>1</sup>.

- The **air traffic** will only be marginally affected by climate changes because this mean of transports is highly safe and airports have a complex system to ensure the safety even if the weather is bad. However, winter weather causes frequently delays on airports.
- The **railway network** is not really dependent on weather compared to other means of transport. However, in winter icing of the power supply can impact rail traffic. Railway transport can be also affected by storms.
- The **waterway network** is affected by frost and ice in winter. When winters are too cold, the navigation has to be totally shut down. The consequences can be hard for the economy and the growth of this mean of transport. Another problem that waterway network faced with is the influence of climate on the water levels of rivers. If the level of

water is too high, the transport is restricted because the rapid velocities of river flows endanger the ships. In the opposite case, when the temperatures are too arid, the water level can sink below a critical point, which can cause the cancellation of the shipment.

- The **road network** can be weakened by ice, snowfall, hail or fog in winter. The consequences are slow speeds of traffic, traffic jams and also the increasing in the risk of accidents. Other rare events can generate damage to the vehicles such as storms. In summer, high temperatures can cause damage to road paving.

The geographic and climate features of UK can have bad consequences especially during the winter. However, the climate is not very rude and most of the time the transport is not affected by the weather. The most vulnerable mean of transport is the maritime transport because its functioning is highly linked with the weather.

#### C) Cider transportation

After the analyze of the transport's quality in UK, it is important to have information about the transportation of cider and how it has to be organized.

The cider Sassy is really easy to conserve, it's not like the wine or other product who need a lot of attention. The bottle Sassy is widely capable to handle the transportation from France to UK. The ambient temperature is enough for the conservation of the cider.

#### D) Safety of the frontiers

The United Kingdom possesses a ground border with the following countries:

- Ireland (360 km, with the Northern Ireland)
- Cyprus (with Akrotiri and Dhekelia)
- Spain (1,2 km, with Gibraltar)

Besides, a border shares the Channel Tunnel between France and the United Kingdom.



There are also maritime borders (territorial waters, exclusive economic zone, etc.) between the United Kingdom and countries (such as Germany, Argentina, Belgique ...)

Besides the ground border and some maritime borders; UK doesn't have frontiers. That is what makes UK a protected country and safe. UK is a developed country where security reigns and nowadays security is essential in our society.

However, some problems have been noticed with the refugee crisis the last years. This problem is still present.

There are many opportunities and threats concerning the logistic. Regarding the opportunities, UK possesses a dense transport network which facilitate the transportation. The climate and geographic features is quite similar compared to France so UK has good cider in its country also. In this way, it is an opportunity for the Sassy products because of the same condition as France. Another important opportunity is the quality of transport. In all the areas (air, maritime, road and rail), UK is excellent. That will help to ensure the logistic in the best conditions.

Regarding the threats, Sassy should be careful with the winter season because most of the problems that happen with the transportation is in winter, especially for the maritime transport.

The general logistics' conditions are positive to export a product such as Sassy.

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# Final Report: Business Recommendations



# SASSY



07/12/2016

## Introduction

Our Final Report integrates of a reviewed version of our first and second intermediary reports in addition with an action plan. The action plan is composed with suggestions regarding objectives, associated measures and means to help the implementation and the export process. These measures have to be defined according to the goals and values of Sassy with the human, technical and financial resources. The quantitative and qualitative objectives will advise the company on how to export their products the best way possible.

As a reminder, Sassy is a French company which proposes different types of ciders. The company launched their first range of products in 2013. Sassy proposes lines of various ciders (apple, pear and flavored) sold in large or small bottles usually used in the aim of doing cocktails. The brand has its product made in the Castle of Sassy in Normandy which give the insurance of a good quality and provenance. As another recap, we can underline the fact that France is recognized as the first country to do cider and that gives then a good reputation to Sassy.

The main idea of Sassy is to implant in London, as it is a big city with chic bars and fancy restaurants. The exported products will be all the variety of ciders Sassy proposes. We already found some attractive points in London like bars, night clubs, restaurants or other clients Sassy could deal with. The problematic still in suspense is how is Sassy going to compete with the renowned cider of England and the competitors the brand will have that are locals and already implanted for years.

The report will answer this in several parts:

- SWOT analysis: Ondine BERTHELOT
- Access Pass: Grégoire HUBER
- Action plan:

Short-term: Introduce Sassy's product in the English market Alexandre CUIGNET

Middle term: Increase the product awareness by adapting the marketing and communication strategy to the UK cider market Benjamin ABITBOL & Marine EBERLE

Long-term: Increase the market share in the UK cider market: Manon CALLERI

- Financial plan:

Short-term: Introduce Sassy's product in the English market Alexandre CUIGNET

Middle-term: Increase the product awareness by adapting the marketing and communication strategy to the UK cider market Benjamin ABITBOL & Marine EBERLE

Long-term: Increase the market share in the UK cider market: Manon CALLERI

- GANTT Chart: Ondine BERTHELOT
- The subsidies: Grégoire HUBER
- Conclusion: Ondine BERTHELOT & Grégoire HUBER

## **SWOT Analysis**

The SWOT is an important mean used in marketing to analyse the Strengths, Weaknesses, Opportunities and Threats of a company to understand its situation. For Sassy, the SWOT analysis will help us make a better export study and wise decisions concerning the business installation in the UK. It also allows us to understand better the weaknesses and remedy these with new ideas or solve them as we are going to see it.

We will here use all the information we found through our reports to elaborate Sassy's SWOT analysis we will first present you the global ideas and then develop them in two parts, first the strengths and weaknesses and then the opportunities and threats.

The goal is here to find what the company does better than the others and where the company is lacking compared to competition.

- **Strengths:** Cider bottled in fancy packaging. AOC (Appellation d'Origine Contrôlée). It is Norman Cider, means the original product. A geographical proximity and the ease to transport the product
- **Weaknesses:** The fact that Sassy has a lack of visibility and the problems due to Brexit in the following years with transportation. The brand is not well known for now.
- **Opportunities:** Sassy is a great subsidy to lager. The cider market is increasing. The brand is growing and recognised by the youth. Sassy should promote and gain the British loyalty. The brand should also talk about the gluten-free while this trend is rising. They can promote themselves as part of the sustainable movement
- **Threats:** The large number of strong competitors in the UK: the product already exists in large quantities. The importance of English ciders: it is a really expended market and people tend to consume cider from their country to keep it local. The economic rivalry between France and the UK. The British drinking habits and subsidies (aged population: prefer the wine to the other alcohol, people tend to buy lager or beer at bars). All the issues with alcohol threats for consumers.

## 1) Strengths and weaknesses

### a) Strengths

The main strength of Sassy is its provenance. Sassy's ciders are made and bottled in Normandy in the Castle of Sassy, as we already discussed it gives a strong image of the brand thanks to the fact that Normandy is reputed to be the land where cider was created but also because French food products and drinks are known for quality and taste.

Sassy's beverages have the chance to be various; this is a strong strength that will give the brand a larger clients target with the fact that they are also all labelled organic, fresh, vegan-friendly, gluten-free and has the AOC.

The packaging is also an asset; its design is simple, clear and appealing. The packaging is elaborated enough to show the quality of the product, the provenance and its transparency gives a preview of the products colour.

Another remark is the price. Sassy has, even if it seems expensive by its look, an affordable price that can help them a lot to enter a wide market, but the price stays up enough to keep in mind that the brand gives a quality product in a luxury way.

The geographical position is also relevant, as you know France and Great Britain are neighbours and by this it means a lot of transportation is possible and we explained previously Sassy could use boats, plane or train as they wish to in accordance with our recommendations.

To give a last strength, the company is adaptive, it is a young and moving business ran by young people who are able to adapt quickly and change depending on the market and the customers' needs and values.

### b) Weaknesses

The main weakness of Sassy is its visibility. Still the brand is new and young but then it means that not so many knows it. The problem is that people tend to be homebody and loyal to brands; if they already have a favourite brand of cider, why turn to Sassy? This is what the brand will try to acquire: visibility and experience to outperform the competitors who owns the cider clients.

The product awareness, as we explained before, will have to be obtained with B-to-B and B-to-C clients by building relationships with them.

Another problem will be the consequence of the Brexit. As we all know it and explained in our previous report, the repercussions of the Brexit will also impact on Sassy and the export of goods, changing all the fees and way to carry the products. But for this too there is a solution: if the brand implants fast and well, it can keep its clients with the same contract without being bothered with the changes of the consequences of Brexit, keeping prices and orderings the same.

## 2) Threats and opportunities

### a) Opportunities

The first opportunity of Sassy is that the cider market is expanding and increasing really much, the company is then at the right moment to enter the market and should definitely seize this opportunity. Another point that we talked much about is the brand recognition and loyalty: British people need a connection with the brand and have then been advocating buying local. As it can be seen as a weakness, it is actually an opportunity: British are then looking for a quality product as they care for the ingredients, the provenance and “the story behind it” they want to know their product and familiarise with it until they become loyal. Sassy has this possibility to be able to get loads of clients thanks to this opportunity.

It is really important to know that a whole new target is coming and here to stay: millennials. This generation always moving and looking for new things to try are the perfect target of Sassy's products: curious and originality seekers they fit with the brand. Adding to this the huge opportunity of expanding on every social media, Sassy has here many opportunities to seize.

To finish they are two other great occasions to take into account: the gluten-free expansion that is perfect way for Sassy to promote its beverages as cider is gluten-free and offers some benefits that beer does not; and the sustainable movement, as it is an emerging issue with climate change, it touches everybody, Sassy can seize here to opportunity to give a good image to its consumers.



## b) Threats

The principal threat for our product is the market in which it enters. It is important to recall that the British cider market is expanded and strong. British people are big consumer of this beverage and therefore many producers, local farmers and strong brands already occupy this market. It is relevant that Sassy keeps in mind that a lot of competition is going on and that innovation; originality and simplicity could make the difference. The company has understood this threat and as we just saw in the opportunities, Sassy can outperform competition.

Another little issue is the drinking habits of the British who tend to drink more wine, beer and lager. But as we saw in the Second Intermediary report, cider is a substitute to lager and Sassy can then win clients by targeting lager drinkers who feel conscious about their drinking practice concerning their weight or health.

This makes us bring up our last threat: the consciousness for alcohol problems and repercussions but as we can see it, as long as the customer respects respectable doses he has nothing to fear of cider, this threat can then be turned into an asset for promoting the product.

To conclude Sassy's cider is a premium quality beverage sold at similar prices as its competitors. It has many strengths and opportunities and even its weaknesses can be turned into assets or put away easily. But even if Sassy can enter easily the market, the threats are still here and potentially dangerous for the brand if not taken in consideration.

## Access Pass

The access pass gives the essential information that Sassy needs to know for the export of its product in the UK.

### 1) Distribution channels

Concerning the distribution channels, Sassy should opt for a mix between a controlled export and a concerted export to enter the English market. In fact, according to the distinction of the Off-Trade and On-Trade market, we will use the network of prestigious hostels and bars of London to sell our products thanks to a commercial agent who will look for new places to propose Sassy's cider. For the off-trade market, we will use the Piggyback technique, which is a technique of distribution which implies using the network of a larger company already established in the targeted country, here it would be Harrold's for instance. With the Piggyback, Sassy can avoid huge investments (such as those required for the creation of a subsidiary). Saving money will allow the company to focus its investment on what creates the most added value (ex. Innovation, quality of the product...). The Piggyback agreement will provide accelerated learning on the local market: quick identification of customer's knowledge of the business tradition and perspective on the market growth. However, the products of the local partner will have priority in its sales strategy over those of Sassy's ones.

After few years, when Sassy's products will be integrated in local networks thanks to the piggyback technique, Sassy should then open its own stores in London, in order to have a greater control on its sales.

### 2) Regulations to export

The exporting country is United Kingdom, a member of European Union. In fact, inside the European Union, importations and exportations of goods originated from one of the 28 States Members are free to move and there is no customs duty. Even if United Kingdom is not in the Schengen space, United Kingdom has special arrangements: there are not special regulations and

laws about the exportation of cider in United Kingdom. There is only one special regulation called excise tax. For Sassy cider, according to the French Customs in 2015, this tax represents 1,33€/hl. Furthermore, the VAT (value-added tax) is fixed at 20% for a company that export to United Kingdom.

But last march, English people voted for Brexit. It means that English people want to leave the European Union. Even if they are still in the European Union, it will change in the coming years. In fact, negotiation will begin soon, and existing arrangements and treaties may change. It is a factor that Sassy must consider because Brexit can change relationships between United Kingdom and European Union.

### 3) Means of transportation

After the analyze of the transport's quality in the UK, we recommend Sassy to choose the boat rather than the plane, moreover the cider Sassy is really easy to conserve, it's not like the wine or other product who need a lot of attention. The bottle Sassy is widely capable to handle the transportation from France to UK. The ambient temperature is enough for the conservation of the cider. They do not need any expense air-conditioned containers.

To conclude, the access pass for Sassy cider products will be simple due to the good business relationships between the UK and France and because the two countries are part of the European Union, until 2020 (Brexit).

## Action plan

### 1) Short-term: Introduce Sassy's product in the English market

The first action the company has to establish is the access to the English market, because this is the most favourable market for cider. It seems essential to create lot of partnerships with hotel, restaurants... and quickly arrive on the market.

This is the first step to begin the exportation. In fact, Sassy need to export and then increase progressively the exportation and the partnerships. That why it can be consider as a short-term objective. After 6 months, the company will have the first results of the exportation. Accordingly, to these results, the company will adapt its strategy, and expend its activity.

To achieve this first objective, the company should take some measures.

#### *Choose the best way to export our products*

First, to introduce Sassy's product in the English market, it is a necessity to choose the best way to export products. Sassy's ciders are produced in France, in Normandy. So we have to find a way to export our products from Normandy to London.

We noticed that Sassy produce cider in Normandy, near Le Havre. Le Havre is an important city, with an important harbour for transport of goods. So the best and cheapest way to export products from France is by boat. In fact, shipping is very cheap if you compare to other way of transport. This is secure and very easy.

To export by boat, Sassy needs to rent a container. If the container is not full, the company can share the container with others companies and further reduce the cost.

#### *Proceed to export formalities*

Then, once the company have chosen the best way to export, it is necessary to proceed to export formalities before export. United Kingdom is member of the European Union, and even if they don't have the same money, products are free to move. But there are some formalities

that depend on the way of export and on the place where Sassy want to sell its products. Don't underestimate the time it can take.

First, the company has to provide required information to the transport company, to guarantee the export of products.

That is why, our company must provide all information concerning:

- Product name: name, which must be certified in France
- Product category: cider
- Format: bottle of 75cl
- Alcohol content: it must be indicated as a percentage follow by mention alcohol by volume
- Product quality
- Number of cans by boxes and the boxes size and weight
- Price before and after taxes (the TVA in United Kingdom is the same, 20%, )
- Advertising budget proposed for the product
- Name of the commercial agent certified

We can find all this information in different documents as commercial invoice, freight insurance, transport document, certificate of origins... (as we saw in the Report 2). All these documents are essential to all the export, and to sell products in United Kingdom.

#### *Hire a commercial agent*

Then, to improve exports, it is essential to hire a new employee in the United Kingdom, who will be able to understand specific formalities of exportation. This is a commercial agent that will have the responsibility to manage the exportation from England, and resolve all the problems. He will follow delivery of goods, to be sure our clients receive them in the same quality, and anticipate next exportation. Furthermore, he must have knowledge about cider, Sassy, and about the English market to find new partners. This new employee will have the responsibility to negotiate with the new partners, and to find arrangement. He will have the mission to create loyal customers, and maintain good relationships with them. The use of a commercial agent appears as an ideal way to launch products on this new market, to be

physically present, and to minimize cost. It seems to be the best strategy in this competitive market because many ciders are already implanted in United Kingdom and the company must differentiate itself with the use of a commercial agent, who will promote the brand.

Because each market is different, it is necessary to launch its products through an expert. He will help the company to make a good impression, to show a good image and credibility.

## 2) Middle-term: Increase the product awareness by adapting the marketing and communication strategy to the UK cider market

### Marketing B to C

#### *Finish the English Website version*

Sassy's Website has already its English version. However, this version isn't complete and should be more up to date and accurate to increase its visibility in the United Kingdom. Concerning the "Home page" only a few details have to be translate in English. The fact that a few French notions still appears on the English homepage can discredit the

brand. It will be easy and quick to change terms like "frais de port gratuits" into "free shipping costs".

Concerning the "our cidres" section we can find the same offers on the French and the English website's version. Nevertheless a few offers haven't been adapt to the UK cider market. The "Pack découverte Maison Sassy" should be translate in terms such as "Discovery Pack of Sassy". Furthermore,

the price on the English website appears in Euro. The pound sterling (£) should be the currency that appears on the English website version. If a potential English customer enter to the website, he will feel confuse not to find the price of the product into the right currency. The marketing section of Sassy's brand (for now the two co-founders) have to decide whether to leave the name of the product ("l'inimitable", "la sulfureuse", "le vertueux") as a French touch for the Brand of to adapt those names to the UK cider market. "The Inimitable", "The



scandalous/Glamorous”, “The virtuous” could be a great name to differentiate Sassy as premium Cider in the UK cider market.

Concerning the “cocktails” section, many changes have to be made to optimize the English version of the website. The same recipe of cocktail can be found in both language versions. We can find very English cultural cocktail with “Bristol old fashion”, “Stone Fence”. But some recipe such as “l’école du fizz d’argent” could be replaced with a more Anglican cocktail for example the “Snakebite and black” (Very famous cocktail into the university parties in the UK). The different recipes of cocktails proposed in the different language version of the website should adapt to the culture. The content of this section should be up to date every 6 months according to the evolution of the target and the marketing strategy of the company. Every recipe of the cocktail is still explained in French terms and French metrics. It can be very confusing for an English potential customer and must be changed into an English version. Every cocktail is also associated with a French bar localisation (ex: Bristol old fashion: 112 rue du faubourg Saint Honoré 75008 Paris). Now that Sassy has concluded different types of agreement with bars and hotel they will be able to define what cocktail will be produced in which location and will be able to up to date its English “cocktail section”. For example, the cocktail “Bristol old fashion” can be located at “1 Pont Street, London, SW1X 9EJ3” because it will be served at *Salmonini London*, a fancy restaurant.

The “Find us” section can also be up to date after the beginning of the transaction with the new partnerships and suppliers. Sassy’s list of distributors and the progressing transactional relationships can be found in the Annex 1.

The “News” section already informs the potential English customer of the arrival of Sassy’s product in the United Kingdom. However, a whole new article should be published, describing where to find the new partnerships and distributors Sassy creates in the United Kingdom and specifically in London.

### *Hire a Marketing and Communication manager*

To realize a successful marketing and communication strategy, we advise Sassy two-cofounders to hire a marketing and communication manager. This task will last maximum one month from

the job advert online to the recruiting selection. The manager should share the goals and value of Sassy. It's very preferable if this manager has knowledges on the UK market and or knowledges on the Cider market or at least on the alcoholically market. This manager needs to be great at creating relationship, we will be the third representative of Sassy's image and Sassy's products. Sassy needs to hire employees that are ready to commit entirely to the project (because of the availability and mobility that are going to be required for their implication).

### *Market Study*

It is very important to have knowledge on the targeted market. The knowledge needed in the communication aspects are mostly related to the targeted customer of the country. A specific market study on the cider consumer in the UK will be very relevant. This market study will define the different cider consumer types according to their age, their habits, their consumption, their relationship with different type of cider... The market study will tend to reveal sassy's potential customers. Sassy will focus on one or multiples target revealed by the market country in terms of communication (ex: create specific cocktails in the cocktail section (cf sassy's website) targeting the young English consumer). This market study will also seek to define the way the targeted consumer is reacting to different types of advertisement in the United Kingdom. We advise Sassy to have as much information as they can get about what the targeted consumer is seeking and what how can Sassy efficiently catch this targeted consumers from its competitors. The outcomes of this market study will help the company to achieve the next action on the choice of specific advertisement. This communication will define a large turning point the marketing strategy in the UK for Sassy.

### *Create fan's community*

What we want for Sassy, it is that the brand appears as a mark which can count) on his fans. Today the brand tries to develop through rather fancy places, not via the intermediary of flyers, but via the word of mouth. What is better than to use the fans of the brand, to gather them within events sassy, so that they can discuss it and make know the brand. It is the reason why



we want to add to the site a section where the fans can share their experience, their various cocktails found with cider sassy.

### *Create promotional events*

Today sassy, as a fancy brand can appear as a helpful brand, she will help the other brand by using her contact but also by serving some cocktail sassy during the launch event of a brand. What about for sassy? Sassy could improve his notoriety during the event, the brand could earn some new client and improve his word of mouth. It's a win/win situation. But for this situation happen Sassy will probably need to discount the price of the bottle of cider. Today the 6 bottles cost 34£ on the website, we could propose a 50% discount, make the 6 bottles to 17£. We think we will approximately need 1 month for the creation and programming of the events and we will try do this promotional events one day every 2 months during 1 years.

### **Marketing B to B**

#### *Create a brand image based on the quality of the product*

What do we mean by create a brand image based on the quality of the product? In the present day, the United Kingdom drinks the most cider in the world, so if we want to succeed during our export we need to be associated as a fancy brand but also as a quality brand, a quality cider made directly in Normandy. We think that the best will be to promote the brand image of sassy thanks to magazine. To realize a successful marketing and communication strategy, we will probably start with 2 partnerships with magazine, if it works we will find more partnership. This task will last maximum 1 month and will cost the price of a franchise with a magazine (this price depend of the type of magazine)

#### *Create a brochure for new distributors*

As we have seen before, we want to appeared as a fancy brand, and if she wants to earn new distributors, the brand need to have a brochure adequate which they can present to distributors.

For this task we will need the marketing and communication manager working in collaboration with graphic designer. It will cost the wage of the graphic designer (approximately 1500£ per month) and the cost per printing (about 0,05£ per printing). This task will take 3 weeks Since the research of graphic designer until the printing of brochures

#### *Participate to cider show*

It is very important for the marketing and communication strategy to be present in cider event. Because Sassy wants to import in London we focus on three “Show” located in London to represents Sassy’s brand. The two co-founders and the marketing and communication manager are needed as representative of the brand. They will make the journey 3 times. On the 18/01/17 there is a show “French wine discoveries”. They won’t be only wine producer but also French spirit and alcoholic beverage producers. The second show is more general to France’s products. “The France show” will take place between the 27<sup>th</sup> January 2017 and the 24<sup>rd</sup> 2017. It is very important for Sassy image to be present on this show. France is also (as UK) very famous for its cider (Normandy region). It will be a great opportunity for sassy to differentiate its product from the others French cider producers. The third show doesn’t require the French label. It is the “London wine fair” that will take place between the 22<sup>th</sup> January and 24<sup>th</sup> January 2017. The period of this show is very important because appear before the summer season. The summer season is the period where most of the cider will be sale in the UK. If Sassy’s co-founders and the marketing and communication manager take place in the show, there is a huge chance to discover new distributors opportunity for the summer 2017 cider season. They will need during this representation the brochure for the new distributors (previous tax) but also some posters, flyers and decoration based on the same model and on Sassy qualitative image.

#### *Create special events: cider show*

To increase the awareness of the product in the different bar and hotel company Sassy has to be visible by the targeted distributors. With the brochure that were design for the new distributors, Sassy has a real approach to attract new distributors. Thanks to the created

network during the cider show, Sassy will invite many distributors. We will send the brochure by mail or post or phone call (it will depend what kind of contact information they will get with the different potential distributors.) During the preparation of the event, Sassy's marketing and communication manager will make research about the potential distributors that will come to the product show. It will increase the chances of create a strong relationship with the distributors by showing them interest. During the product show the three representative of Sassy's image will expose their product, what they want to achieve and how the present distributors can create a partnership with a successful and qualitative company.

We plan for sassy to make the product show one day every 3 month during one year. We think that Sassy has already enough contact in bar and hotel to find a cost-free arrangement for the location of a place for the product show. By cost free we imagine some discount on sassy's bottle that the bar or hotel offer. We also include some estimated cost in the bottle of testing of 637£.

### 3) Long-term: Increase the market share in the UK cider market

#### Making Partnerships with hotels, bars and restaurants

##### *Researches Phase*

Finding distributors is a continuous task. In Sassy's case, it is a mandatory objective when a firm want to export successfully its products. Choose the right distributors can enhance Sassy image, increase the sales and the profits and encourage the company to export in other countries. To achieve this goal there are many steps to follow. The first one is to do researches on valuable English distributors present on the market. To sell its product, Sassy would like to have business relationships with hotels, bars, restaurants. Consistent businesses with Sassy values. Along the way Sassy can start comparing the appropriate ones. If the firm has a good knowledge of the market players, it will be able to take the most preferable decisions. Those two first steps are quiet tedious but really needed.

### *Contact the interesting firms*

Then the commercial and marketing team can begin to contact the targeted distributors. To do that, they will send emails and make phone calls. This stage can take time depending on the responsiveness of the shops and hotels. Sassy has also in mind to physically meet future partners and take advantage of this time to introduce to them Sassy ciders. Make them taste the product can be a good way to negotiate and obtain new deals. One of the main issues when finding distributors is to set up contract's terms which can benefit both parties. This way we will keep an healthy partnership. In those terms we will find among others carriage agreements, pricing policy, customs regulations, and so on.

### *Product Placement*

Which brings us to the final stage: the product placement. This phase can be practice many times and can last over a short or a long period which can change according to Sassy strategy. Sassy may want to introduce other products in the long run or end partnerships. Always find new distributors is a way to increase market share for Sassy. The company will have to attract distributors in England while keeping negotiation with future clients in France (for example the recent partnership with Air France).

### *Making partnerships with specialized stores*

### *Researches Phase*

When Sassy concludes partnerships with distributors it can begin to enlarge its market in a new way of distribution. To help reaching this objective, the firm can target specialized stores and upscale department in shopping malls. We would like to reproduce our accords with "Le Bon Marché" in England for example. Those distributors can increase the "fancy" image of Sassy and help winning market shares. Sassy will have to make a list of the important market players in order to contact them.

### *Attracting future partners*

To draw the attention of specialized stores, Sassy could organize special events or participate to events by sponsoring other brand. When Sassy was the sponsor of a fashion show, it had the opportunity to meet other companies with the same targeted clients and the same positioning. To reach this objective we can use the same action plan as before but it will create different results. Put Sassy ciders in stores specialized in the sale of upscale cider can inform our customers on the quality of our products. It will be a reliable source of information for the clients and add credibility to Sassy traditional image.

The weakness of Sassy is its young image. It will have to convince the future partners that young can be a synonymous with quality. Emphasize on the producing process will be an easy way out to transform this weakness into a strength.

### *Hiring a sales representative*

Sassy will use the indirect export. It will hire a sales representative to complete the market study and give advice on the potential distributors. This English employee will contact the firms but Sassy's marketing team will meet each company before making any partnership.

To conclude, Sassy operate a market seeking strategy. So that, its will to export is a proactive decision. It will need an external analysis that is why every objective will start with a market study.

## 4) Conclusion of the elaborated action plan

The objectives of our company are to establish itself sustainably on English cider market increasing its turnover. Different ways of communication are the key of success to enter this new market. We choose different activities to ensure the promotion of the brand and to show the best image of the French cider. Every step will allow the English consumers to know the

company's products and its characteristics but also to generate customer's loyalty. When our company will succeed in cider market shares in UK, it can decide to expand itself its distribution and also its product line. Even if its products compete with the other exported cider, the company can begin one of the best sellers of the French cider in the English market by the originality and the quality of its products but also by the best way of communication and the greatest choice of strategic objectives adapting to this new market.

## Financial plan

### 1) Introduction

After having presented the action plan, it is primordial to focus on the financial plan. This part explains the organization of the resources needed to implement the exportation. Sassy must consider humans, financial and technical means and the duration of each action to be in the best conditions to export its product. To make it easier to read, we have decided to explain the financial plan through simple tables, each objective has its own.

### 2) Objective 1: short term

Before succeed to our first objective, the company has to take some measure. This is a short term objective, because this is the first step for the exportation, and without that, Sassy can't sell cider in United Kingdom. This first objective is divided in three parts. First, directors and secretary have to find the best way to export (we suggest by boat, because it is less expensive than another way). Directors can find arrangements with an export company, and negotiate the best price. Price will depend on the merchandise (cider), the quantity (the place you will take in one container), the value of the product and your destination. Without some photocopies (0,05£ per page, we estimate it at 10£) and the price of exportation.

Then, the company will have the mission to proceed to export formalities. It is a necessity to be in order with custom regulations. There are a lot of papers to print and phone call, we estimate the price at maximum 50£/months.

Then, it is important to hire a new employee. This is an additional expense, but essential. He will have the goal to manage the exportation from England, to find new partners, and maintain good relationships with them. The cost of this commercial agent will be 39 000£/year (average salary in United Kingdom). Furthermore, once a month, he will come in France to discuss about the result of the company. We will pay train/plane ticket for 140£/months, so 1 680£/year.

Without considering the costs of hiring a commercial agent (salary) and the cost of exportation, we find a total cost of approximately 200£/months.

Means Actions	Human	Financial	Technical	Duration
<b>Objective 1: Introduce Sassy's product in the English market</b>				
<b>Proceed to export formalities</b>	<b>Directors:</b> to provides the required files and sign them  <b>Secretary:</b> to create the files and put in order them	<b>Printing cost:</b> around £0.05 per page	<b>Office:</b> printer, furniture and assembly room  <b>Communication:</b> phones and computers	<b>1 month:</b> from the creation of the file until the agreement of the customs
<b>Hire a commercial agent</b>	<b>Directors:</b> to manage the recruiting process  <b>Secretary:</b> to make a first selection of the applicant in relation to the required profile	<b>Agent's wage:</b> an annual wage around £39,000+bonuses  <b>Train/plane tickets :</b> 70x2x12 = 1680£	<b>Office:</b> furniture and assembly room  <b>Communication:</b> phones and computers (create a job advert on internet)	<b>2 months</b> to hire one: from the job advert online to the recruiting selection
<b>Choose the best way to export the product</b>	<b>Directors:</b> to do researches to find the best way to export  <b>Secretary:</b> gather the document needed	<b>Printing cost:</b> £0.05 per page	<b>Office:</b> printer, furniture and assembly room  <b>Communication:</b> phones and computers	<b>1 month:</b> From the beginning of the researches to the final decision

### 3) Objective 2: middle term

Our objective to increase product awareness by adapting the communication and marketing strategy to the UK cider market is middle term objective. As we describe in the different task of our action plan, we advise for Sassy to hire a marketing and communication manager. However,



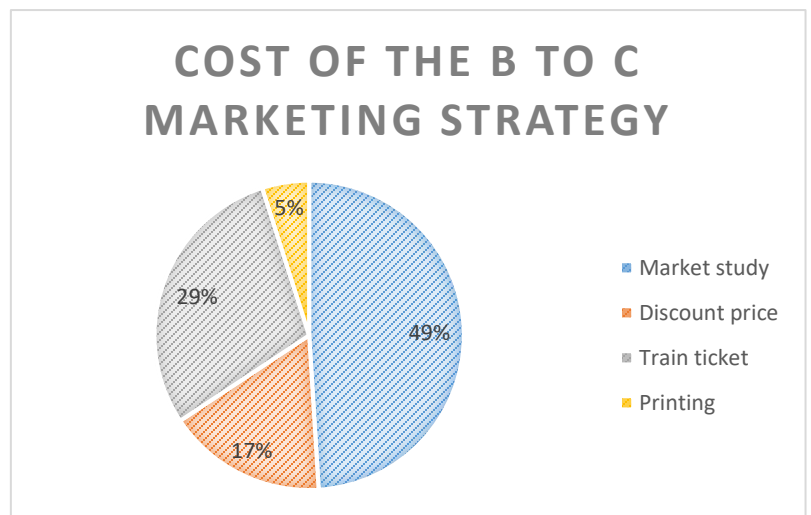
we envisage its part in the company almost as permanent. If Sassy's project to export succeed and is maintain in the United Kingdom, A marketing and communication manager is only the first step in Sassy's firm to develop a strong marketing strategy. However, the cost of a marketing and communication manager in continuous period will be 1500£ per months (low estimation). We understand that it can be a huge cost regarding to the effect and all the marketing tasks are also feasible by the two co-founders but would require a time investment of them. The alternative solution could be to hire some internships (500£ per months).

### Marketing B to C

Without considering the costs of hiring a marketing and communication manager and the designer in free-lance, we find a total cost of 1020£. We estimate the printing cost at 50£. The whole train ticket reaches an estimation of 300£. The discount during the promotional events (60 bottles: 17£ x 10) would represent 170£. We estimate some cost related to the Market study about 500£.

The following figure shows the several

costs for this marketing B to C objectives without considering the wage of the hire of new employees.



Means	Human	Financial	Technical	Duration
Actions	<b>Objective 1 B: Increase awareness and adapt the marketing and communication for Business to business (B to B) in the English cider market</b>			

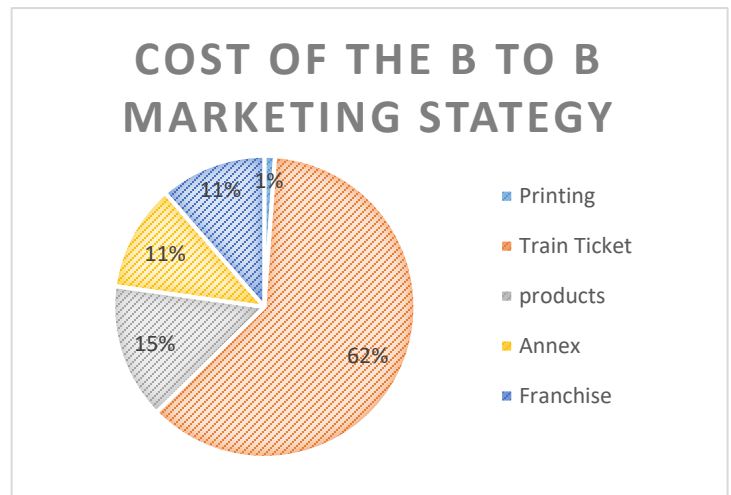
<b>Finish the English Website Version</b>	<p><b>Co-founder:</b> find, translate and adapt the information</p> <p><b>Hire Graphist:</b> Improve the ergonomoy of the English website version</p>	<b>Graphist's wage:</b> £1,500 per month	<b>Office:</b> printer, furniture and assembly room	<b>3 month:</b> To be able to up to date every information according the advance of the project (referencing every new distributor) + <b>semester up to date</b>
<b>Hire a Marketing and Communication Manager</b>	<p><b>Directors:</b> to manage the recruiting process</p> <p><b>Secretary:</b> to make a first selection of the applicant in relation to the required profile</p>	<b>Marketing Officer's wage:</b> basic salary negotiated with the company	<p><b>Office:</b> printer, furniture and assembly room</p> <p><b>Communication:</b> phones and computers (job advert on internet)</p>	<b>1 month:</b> from the job advert online to the recruiting selection
<b>Market Study</b>	<b>Marketing and communication manager :</b> Get in touch with several London business school to have marketing student proceeding to market studies	<p><b>Price:</b> Depending on the level of study of the student between 100\$ and 500\$</p> <p><b>Train/plane ticket :</b> 150 x 2 : 300\$</p> <p><b>Costs:</b> 0,05\$ per impression</p>	<p><b>Furniture:</b> Webcam for visio conference</p> <p><b>Communication :</b> phone , computer</p>	<b>3 months:</b> from contacting the student to the results of the market study
<b>Create fans' community to increase communication of the product</b>	<p><b>Marketing Manager:</b> Create events between fans, so that they can all be together. Create one truth community and enhance Sassy's website</p> <p><b>Designer free-lance</b> specialized in social network</p>	<b>Price of the new designed of the website:</b> around £85 (per day) made by a designer in free-lance	<p><b>Office:</b> furniture and assembly room</p> <p><b>Communication:</b> phones and computers</p>	<p><b>1 month</b> for the creation and programming of the events</p> <p><b>2 weeks</b> for the new designed of the website</p>

<b>Promotional events</b>	<b>Marketing Manager:</b> Promote launches of new brands, by using the image of Sassy (Sassy is used as cocktail during these events)	<b>Bottles discounted:</b> £17 the pack of 6 bottles (instead of £34)	<b>Communication:</b> phone and computers	<b>1 month</b> for the creation and programming of the events  <b>One day each 2 months during 1 years</b>
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### Marketing B to B

Without considering the costs of hiring a marketing and communication manager we find a total cost of 4387£. We estimate the printing cost at 50£. The whole train ticket reaches an estimation of 2700£. The use of product (in the shows and events) would represent 637£. We estimate some annex cost

related to the participation to cider show (like paying the right to participate) about 500£. We haven't find any price about the price of a partnership with a magazine and estimate in in our calculation about 500£. We also add a 500£ annex costs. The following figure shows the several costs for this marketing B to B objectives without considering the wage of the hire of new employees.



Means Actions	Human	Financial	Technical	Duration
<b>Objective 2 B: Increase awareness and adapt the marketing and communication for Business to business (B to B) in the English cider market</b>				
<b>Create a brochure for new distributors</b>	<b>Marketing and communication manager</b> working in collaboration with <b>Graphist</b>	<b>Graphist's wage:</b> £1,500 per month  <b>Printing cost:</b> 0,05£ per impression	<b>Office:</b> printer, furniture and assembly room <b>Furniture :</b> Graphic logical <b>Communication :</b> Phone , computer	<b>3 weeks</b> from the first idea to the final realization and final print
<b>Participate to cider shows</b>	<b>Marketing Manager:</b> to present and promote the product.  <b>Two-cofounder:</b> to present the products and represent the brand	<b>Price: Train/plane ticket :</b> (150x2) x 3 : 900£  <b>Application + annex cost :</b> 500£	<b>Furniture :</b> Poster , brochure, flyers, decoration  <b>Communication :</b> Phone, Computer	<b>1 day :</b> 8/01/17 French wine discoveries <b>3 days :</b> 27/01- 29/01 The France show <b>3 days :</b> 22/05 – 24/05 London wine fair
<b>Create Special event : product show</b>	<b>Marketing Manager:</b> to promote on internet the events. More easy if already a true community <b>Two-cofounder:</b> to present the products and represent the brand	<b>Plane/Train ticket :</b> 150 x 3 x 4: 1800£  <b>Bottle for the testing:</b> around £637	<b>Office:</b> to make the stand  <b>Communication:</b> mainly phones and computers	<b>1 month:</b> from the creation of the concept to the planarization/programming <b>One day each 3 months during 1 years</b>
<b>Create a brand image based on the quality of the products</b>	<b>Marketing Manager:</b> to promote the brand image of sassy thanks to the magazine. Try to associate Sassy as a brand who is using products of quality. Find a <b>partnership with a magazine</b>	<b>Price of a franchise with a magazine (the price depends on the magazine)</b>	<b>Communication:</b> phones and computers	<b>1 month:</b> From the beginning of the seek of the partnership to the signature of the partnership

## 4) Objective 3: long term

Means Actions	Human	Financial	Technical	Duration
<b>Objective 3: Finding Attractive Distributors in England</b>				
<b>Market Study</b>	<b>Marketing Team and Representative</b>	<b>Sales Representative salary : 3 930£ per month</b>	printer, furniture and assembly room  <b>Technical mean:</b> phones and computers	<b>2 months</b>
<b>Comparing various companies</b>	<b>Marketing Manager and Sales Representative</b>	<b>Price: Train/plane ticket : (150x2) x 3 : 900£</b>	<b>Furniture :</b> Poster , brochure, flyers, decoration  <b>Communication :</b> Phone, Computer	<b>2 weeks</b>
<b>Contacting the companies chosen</b>	<b>Sales Representative:</b> He will contact the firms concerned and meet them in England.	<b>Sales representative salary</b>	<b>Technical Means:</b> Phone, Computer	<b>6 months</b>
<b>Negotiate Phase</b>	<b>Commercial Team</b>	<b>Plane/Train ticket : 150 x 3 x 4: 1800£</b>  <b>Bottle for the testing: around</b>	<b>Technical Means:</b> train or flight tickets, computers, phones <b>Products Samples</b>	<b>6 months</b>

		£637		
<b>Product Placements</b>	<b>Supply Chain Team and Marketing Team</b>	Approximately 6000 £: for the shipment of the goods and the promotions	<b>Technical Means:</b> phones, computers + furnitures	<b>1 year</b>

## 1. GANTT Chart

GANTT CHART								
OBJECTIVES	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST
<b>Introduce Sassy's product to the English market</b>								
Choose the best way to export our products								
Proceed to export formalities								
Hire new employee in the UK								
<b>Increase the product awareness &amp; adapt the marketing strategy in the UK cider market</b>								
<b>B to C</b>								
Finish the English Website version								
Hire a Marketing and Communication manager								
Market Study								
Create a fans' community								
Organize special events			One day			One day		
Organize promotional events		One day		One day		One day		

B to B								
Create a brochure for new distributors								
Participate to cider show	18 & 27-29				22-24			
Create special event for product show			One day			One day		
Create a brand image based on the quality of the product								
Find the appropriate distributors in England								
JUNE	JULY	JANUARY	FEBRUARY	JULY	JAN	FEB 18	MAY	
Market Study								
Comparing various companies								
Contacting the chosen firms								
Negotiate Phase								
Product placement								

## 2. Subsidies

A significant issue to consider is the subsidies. A subsidy is a form of financial aid or support extended to an economic sector (or institution, business, or individual) generally with the aim of promoting economic and social policy. The subsidies are settled by the government of a country through a payment to a company or to some producers in order to give them a competitive advantage in international markets. As Sassy is a small company, with not very large turnover, it could be an opportunity to receive subsidies to develop the exportation of our product, the cider.

In fact, this feature is very important for the companies that want to export because the export subsidies increase the market share of the exporter on the world market at the expense of

others. Indeed, it is interesting for Sassy to know if the government, the region or other organizations provide subsidies to encourage the international development of the French companies.

a) Regional level

**UbiFrance**

The main goal of these regional subsidies is to help the international development of the “Basse-Normandie” companies, the case of Sassy who is implemented in Saint-Christophe-le-Jajolet (Basse-Normandie). Here is a table with the 3 kind of aids proposed that can interest the company who fulfill the conditions to obtain the subsidies.





Name of the aid	« Ticket modérateur pour prestations Ubifrance »	« Appel à projets en faveur des entreprises pour l'exportation (APPEX) »	« Ticket modérateur pour V.I.E. »
Objective	Boost the international development of the low-Norman companies.	Favor the export of the low-Norman companies, by giving a financial support in the form of subsidy to the implementation of the actions of prospecting.	Facilitate the access to the international markets for the regional's SME with the support of a human resource dedicated to the international export.
Beneficiaries	SME → Less than 250 employees / turnover inferiors to 50 million € / result inferiors to 43 million €	« TPE » or SME whose headquarter is in Basse-Normandie and of which the industrial activity can be find in the Common regulatory trunk for the regulation of regional subsidies set up in 2006.	SME → Less than 250 employees / turnover inferiors to 50 million € / result inferior to 43 million €
Organization that finances the subsidy	Regional Council of Basse-Normandie		
Eligible operations	The services of Ubifrance with a minimum amount of 500€/service, for the confirmed exporting companies or not, whatever is the aimed country.	Trade shows, business conventions, exhibitions abroad, prospecting missions, search for partners, commercial promotion, upgrades (patent filings, Marks, product approvals, etc.), recruitment of the first manager and / or trainees or students dedicated to this assignment.	V.I.E (“Volontariat International à l'étranger”)  Assignment as a volunteer in a company abroad for a duration between 6 months to 2 years.
Characteristics of the aid	Subsidy of 50% Directly deducted from UBIFRANCE invoices, limited to 3 per year and per company including a trade show	Subsidy limited to 50 000 € per project.  Payment in two phases: 70 % of deposit from notification of the help and 30 % to the balance the payment of which is conditioned at the presentation of the spending certified by a chartered accountant or external auditor.	-50 % of the remuneration paid at the V.I.E. for the 1 <sup>st</sup>  -25 % for the following ones or the renewal of the first V.I.E

## b) National level

### Coface

The first subsidy we found is the COFACE. This company manages, on behalf and with the guarantee of the state, some government guarantees to support exports and investment by French companies abroad. To encourage the international development, this company doesn't provide some amount of money but a prospecting insurance. In fact, to export, the first step is to explore overseas markets. This approach often leads to substantial costs and results are random. Thus, the goal of COFACE is to offer insurance against the risk of commercial failure. It means that the company must plan its prospecting expenses, COFACE indemnities the company from these expenses and it must pay COFACE depending on the progress of the export sales.

This insurance is special because it is adapted to the size of the company, enabling better management. In fact, there are 3 categories of insurances but just one interest us:

- **The AP3 (First Step Prospecting Insurance):** companies with less than €50 million turnover and equal or less than € 200 000 (or 10%) export turnover. The budget will be capped at 10% of the sales to a maximum of € 30 thousand.

Different kind of expenditures are eligible thanks to this insurance. For example: advertising in all forms to abroad, adaptation of products already on the market with standards and requirements of the markets surveyed (studies, approvals, prototypes), retainer of a commercial agent, studies overseas markets (economic missions, local provider) lists of prospects and / or business information...

Then, the terms of the insurance are:

- Guaranteed budget: 10% of total revenues within the limit of € 30,000
- Guaranteed percentage: 65%

- Payment of compensation: the company decides when addressing the Coface expenditure statement within 12 months of the contract takes effect. Compensation is paid within 15 days.
- Reimbursement of compensation: repayment of 10% of the export turnover during the three fiscal years published during the contract period.
- 2 contracts A3P maximum different years

### **Export Tax Credit (Ministère de l'Economie et des Finances)**

To encourage SME to develop their exports, an export tax credit for expenses of canvassing (“prospection commerciale”) allows to relieve the spending of recruitment of an employee or appeal to an international volunteer in a company (V.I.E.) allocated to the exports of goods.

It is available for companies:

- Recruit one employee assigned to the development of the exportation
- Hiring less than 250 employees
- With a turnover inferior to 50 million €

Actions that can be covered:

- Transport and accommodation costs in the target country linked to the canvassing
- Market studies costs
- Costs of participation in trade shows
- Advertising

The export tax credit represents 50 % of the spending engaged, on a maximal duration of 24 months following the recruitment of the employee in charge of the exports. The export tax credit is limited to 40 000 € for companies. It can be obtained only once.

## Conclusion

After this semester we can sum this all up, and say that the export diagnosis we did for Sassy is a good idea that is feasible even though Sassy has weaknesses and threats like the fact that it is a really young brand, that it has substitutes or strong competitors already on the market.

This weaknesses and threats are to be understood by the company, therefore with its strengths Sassy can outperform the competition and let its weaknesses behind her. The goal is to focus on what the brand can offer and show : if the company does so she can easily become a well-known brand, get loyal clients from the wide target we have chosen.

We have shown here in the SWOT analysis, access plan, action plan and financial plan, the steps the company must follow in order to make its export in the best conditions. Through short-term to long-term plans Sassy needs to rest on its assets that are its quality, provenance, originality and variety but also to act towards its competitors, clients, and the market.

## Table of sources

### **SWOT analysis**

Essca's marketing course

### **Access Pass**

### **Action plan test**

Eventseye (Website)  
Wine4trade (Website)

### **Financial plan**