

**Project of Entry on Czech Market for Company ABC**

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 **Tomas Bata University in Zlín**  
Faculty of Management and Economics

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Tomas Bata University in Zlín  
Faculty of Management and Economics  
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# MASTER'S THESIS ASSIGNMENT

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## Introduction

### I. Theoretical part

- Compile theoretical information about market entry for company.

### II. Practical part

- Analyse Czech market and competitors of company ABC.
- Submit the project of market entry strategy for company ABC.
- Evaluate possible risks and expected costs.

## Conclusion

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## ABSTRAKT

Hlavním cílem tohoto projektu je analyzovat český trh šneci zemědělství a potenciální konkurenty společnosti ABC na tomto trhu. Navíc, po podrobném výzkumu bylo odvozeno projekt strategie vstupu na trh pro firmu ABC. Spolu se vstupem strategického potenciálních zákazníků databázi byl vytvořen. V rámci práce byly vypočteny důležité hodnocení. To stojí čas analýzy, analýzy nákladů a analýzy rizik projektu vstupu na tomto specifickém trhu.

Klíčová slova: vstup na trh, český trh zemědělství, marketingové strategie, marketingový výzkum, vývoj trhu, segmentace trhu, horizontální diverzifikace, cílový trh.

## ABSTRACT

The main target of this project is to analyze Czech market of snails farming and potential competitors of company ABC on this market. Moreover, after detailed research the project of market entry strategy for company ABC was derived. Along with entry strategy potential customers data base was created. As a part of work important evaluations were calculated. It stands by time analysis, cost analysis and risk analysis of project of entry on such specific market.

Keywords: Market Entry, Snails Farming Market, Czech Market, Marketing Strategy, Marketing Research, Market trend, Market Segmentation, Horizontal Diversification, Target Market.

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Moreover, I would like to thank management of the company for the opportunity to work over captivating project and get valuable experience.

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**INTRODUCTION**

Nowadays in conditions of globalization and severe competition companies are actively seeking ways how to stay on the market and continue generating profits from their businesses. Some entities find solution in cutting unnecessary expenses in every possible action. On the other hand, there are companies who prefer investing as much as possible in product development, advertising, or renovation of production lines. This master thesis is dedicated to those companies, who prefer investigate, develop and invest into new markets. Markets that are not even concerned their initial businesses.

The process of Identification new markets can be challenging, exciting and frightening all at the same time. But there is a popular saying "Those who don't take risks, don't drink champagne".

Relying only on luck is not enough in entering new markets, precise analyze of market is required. With markets throughout the world becoming increasingly more competitive, market research is now on the agenda of many organizations, whether they are large or small. It is very important to know all aspects of manufacturing and transportation of new product. Moreover, it is vital to understand financial strength of company in launching new products on new markets. On top of that, all possible risks and exciting competitors must be considered. Even after thorough estimation of these steps, it's important to realize that success can come with a delay.

This master thesis paper is divided into two parts. First part covers theoretical backgrounds of market research, assessing market potential and choosing target market. Besides, this part is dedicated to theoretical overview of modern business-to-business marketing strategies and market entry strategies.

Second part of this project is analytical. In this part Company ABC will be described. To be more precise, this part is devoted to analysis of snails farming and snail consumption markets in Czech Republic. Moreover, market potential will be defined and target market will be chosen, after dividing market into segments. In order to estimate company's possible performance I have carried out PEST analyses. What is more, it helped to choose marketing strategy for company ABC. Additionally, I will perform data base of potential clients and sale strategy. After that, I switch to one of the most important parts of project – evaluation. This includes time analysis, cost analysis and risk analysis of project of entry on such specific market.

In the conclusion, I will present summary and results of project.

## **I. THEORY**

## **1 MARKET POTENTIAL**

A market analysis studies the attractiveness and the dynamics of a special market within a special industry. It is part of the industry analysis and this in turn of the global environmental analysis. Through all these analyses the chances, strengths, weaknesses and risks of a company can be identified. Finally, with the help of a market potential analysis, adequate business strategies of a company will be defined.[13] The market potential analysis is also known as a definite and precise investigation of a market that is used to inform a firm's planning activities, particularly around decisions of inventory, purchase, work force expansion/contraction, facility expansion, purchases of capital equipment, promotional activities, and many other aspects of a company. [3]

Once the company noticed an opportunity that matches its goals, financial situation and business's vision, it is ready to investigate its market potential by examining certain factors. Market potential research will show company how strong is it in specific fields, such as; ability to compete, long lastingness of opportunity, growth potential, market trends, market segmentation, possible risks and profits.

I would like to mention that, there are two basic types of market research. Primary Research sub-divided into Quantitative and Qualitative research and Secondary research. [2] Primary research is more precise and at the same time is more time consuming and requires a lot of recourses. Meanwhile, secondary research includes previous research reports, newspaper, magazine and journal content, and government statistics.

Results of market potential analysis may show potential opportunities, which can help to compete most effectively on the market. It can concern either price advantages or market differentiator factors. List of competition advantages of company increase the chances for future successes.

There were many cases, in which long-term growth prevailed over immediate rewards, thus making one opportunity more attractive than another. An entrepreneur may offer a new product in a growing market rather than continuing sales of existing products that have minimum growth potential rate. [11]

Experts are convinced and emphasise that the right understanding of market segmentation and market trends is the key to successful development and performance of company.

## 1.1 Market trend

Timely identification of newly emerging trends is very important to businesses. Sales patterns of customer segments indicate market trends. Upward and downward trends in sales signify new market trends.

A market trend is a putative tendency of a financial market to move in a particular direction over time.[5] These trends are classified as secular for long time frames, primary for medium time frames, and secondary for short time frames. Traders identify market trends using technical analysis, a framework which characterizes market trends as predictable price tendencies within the market when price reaches support and resistance levels, varying over time. [3]

The terms bull market and bear market describe upward and downward market trends, respectively, and can be used to describe either the market as a whole or specific sectors and securities.[11]

There are three types of market trend to be used for analyzing the condition of recent market:

1. Short term trends - collar rapidly emerging trends;
2. Mid term trends - trends developing in medium period;
3. Long term trends - trends developing over long periods of time.

Inquiring changes in the market is important, as it shows possible sources of threats and potential opportunities. On the one hand trends can be industry-dependant, but on the other hand the core of trend can be depend on price sensitivity, level of emphasis on service and support, demand variety, etc.

One of the simplest methods of trend analysis is PSM. This method helps to manage company's most valuable business resources: customers and markets, profile customers and markets and, finally, monitor trends. [19]

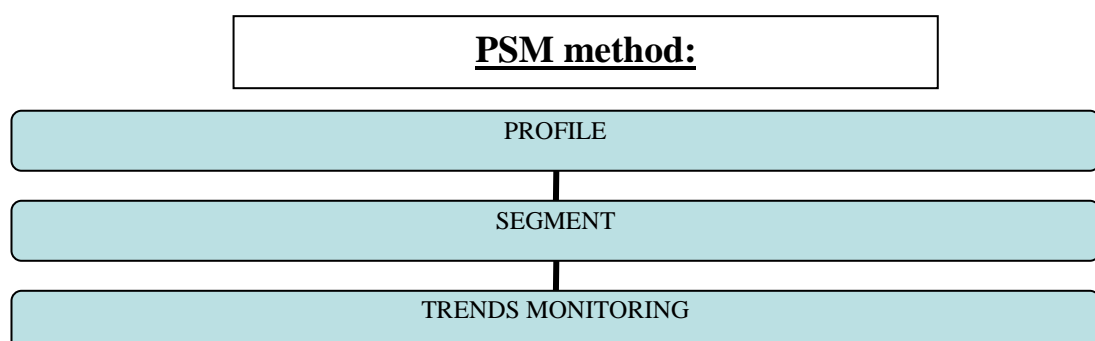


Figure 1 PSM method (own graphic composition)

According to this scheme, profiling customers refers to usage of demographic, geographic, and psychographic variables.

Demographic variables describe characteristics of customers and include age, gender, race, education, occupation, income, religion, marital status, family size, children, home ownership, socioeconomic status, and so on. Geographic variables include various classifications of geographic areas, for example state, country, region, climate, population, and other geographical census data. Psychographic profiling variables provide information about customer's life style, personality, values, attitudes, and so on. [4]

Next step is indulged to use information, based on profiling and develop customer and market segments. I will describe market segmentation more precisely in the next paragraph. That is why, the last step to be considered is trend monitoring. From this step we can find out current trends on market, we are interested in. To be clear, it may show update data about total sale profits, existing customers, potential new customers, customer groups, possible debts and defaults. And many other statements about current market situation, it's upward and downward trends.

Nowadays, there a lot companies providing services on market trend analysis. What is more, in our highly technological era huge number of special software exists. This platforms are aimed for building trend analysis data warehouses and containing sector-by-sector trend histories. Trend analysis data warehouse can be analyzed with easy-to-use browse tools which can provide various trend analysis and forecasting information. [7, 19]

## **1.2 Market segmentation**

Market segmentation is a process that divides a market into smaller sub-markets called segments. Usually, market is segmented according to common features of each attribute.[1] In segmentation commonly used attributes include following:

- Product and service types
- Geographical regions (regions, countries, states, counties)
- Psychographics (life style classification)
- Demographics (gender, age, income, education)
- Behavior (price sensitivity, brand loyalty)
- Sales representatives
- Sales channels, branches, and departments.



This is far not all list of attributes.

Market segmentation enables companies to target different categories of consumers who has different attitude to a product or specific service. [6] As we can see, market can be segmented by different attributes. And it is necessary to describe, that segmentation of consumer markets differs from segmentation of industrial market.

Experts claim, that primary attributes for consumer market are geographical, psychographic, demographical and behavioral. On the other hand, segmentation bases on the industrial market involve geographic segmentation, customer type and buyer behavior. [5,6]

Right market segmentation leads to successful results. However, even the most well-known and wellbeing companies make mistakes in this. As an example, I would like to mention the situation that happened with Coca Cola. They used market segmentation on a product called Dasania, bottled water. Unfortunately, it failed in the UK. As they tried to position this product as a mineral water above other mineral waters from other producers. However, in fact it was only a purified form of tap water. As the result, there was a huge scandal Coca Cola's market segmentation in this case was a failure, meaning that they had to exit the market and discontinue the brand.

## **2 TARGET MARKET**

### **2.1 Defining target market**

Target Marketing involves breaking a market into segments and then concentrating company's marketing efforts on one or a few key segments. In case of small business, this can be a key to their success. [3] Target marketing can be the key to a small business's success. Target marketing helps to make the promotion, pricing and distribution of products and services more cost-effective and easier.

Experts state two essential factors that helps to choose target market segment: attractiveness of target market segment and suitability of target market for a company. [12]

For evaluation attractiveness of target market, the following aspects must be considered.

- Brand loyalty of customers
- Existing and potential competition
- Growth in segment
- Size of segment
- Expected profits
- Sales potential.

In this case, it is important to note, that profitability of segment do not depend on the size of segment. As it is not necessarily larger segments give bigger profits. It may be profitable to act on small or few small segments, where competition is not severe. At the same time with patented product company can reach success on a large market.

Also, the influence of micro-environment and macro-environment should be estimated. [11, 15]

There is one more way of describing target market, in this case with the help of marketing mix. Marketing saying states: "*Putting the right product in the right place, at the right price, at the right time*". Mutually beneficial cooperation between all 4p's enables to conquer target market easily. The following scheme represents relations of 4p's in gaining target market.[20]



*Figure 2 Graphic composition of marketing mix[20]*

This scheme shows at what questions should company answer, in order to reveal beneficial points of it's intention on entering target market.

Speaking about suitability of target market to the firm, company should evaluate it's objectives, values according to chosen segment. And think carefully about such aspects:

- Influence of serving target market on company's image
- What superior value can company offer to customers in specific segment
- What distribution channel should be used and if company has access to them
- Ratio between invested capital and resources, required for serving segment

If company fits all mentioned above aspects, the better it will suit selected target market and the higher benefits it can get.

## **2.2 Target Market strategies**

According to marketers, there are four basic strategies to reach target markets:

- undifferentiated marketing (mass marketing);
- differentiated marketing;
- concentrated marketing;
- niche marketing. [2,7,8]

I will perform brief overview of each of these strategies.

Mass marketing is a strategy for covering market in which a firm decides to ignore differences between market segments and enters the whole market with one offer. It is the type of product marketing. The aim is to spread a message that will reach as many people, as possible. [7]

As an example of product of mass marketing we can take toothpaste. Toothpaste isn't made for one customer and it is sold in huge quantities. A company or individual who produces toothpaste wishes to get more people to buy exactly their product over another. The target is to make consumer to buy brand product of certain company, whereas there are a lot of the same existing product. List of other products of mass marketing can be endless, including furniture, clothes, automobiles, fizzy drinks and personal computers. Generally, products which are perceived to be essential to the consumer are subject to mass marketing.[10]

Many mass marketed goods are thought to core products. These are items people are tending to buy new, after previous same item wear out or gone out of time. On the market, may be cheaper than durable goods of one category, but understanding that replacement of cheaper good with a new cheap one is affordable plays a great role. And so cheaper goods replace more expensive ones.[1]

The next strategy is concentrated marketing. It is a strategy whereby a product is developed and marketed for well defined and specific segment. Concentrated marketing is effective for small companies with limited resources because it allows company without mass production and advertising to reach good market position.[10]

Concentrated marketing is popular within small companies, as mass production is not required. What is more, it is working effectively with limited abilities and resources. This type of market strategy enables to cover specific consumer group with one marketing plan, which covers needs of all participants of segment.

As an example of concentrated marketing I can mention small family owned café which works in suburbs of a big city. The owners can make use of advertising by providing all postboxes of their area with brochures of café, instead of giving advertisement to a city magazine.

Differentiated marketing is thought to be mixture of best attributes of mass marketing and concentrated marketing. It refers to two or more distinct market segments, with a different marketing plan for each. Usually, differentiated marketing gives more profits in total than undifferentiated marketing, but it also increases the costs of doing business. [10]

In differentiated marketing, company should be aware that its resources and abilities must be able to produce and market two or more different sizes, brands, or products. What is more, company has some main objectives in these circumstances, such as: recognition as a specialist in both segments, maximization of sales, coping with increased production costs. [13]

Differentiated marketing is tent to be desirable for wholesalers and retailers, as they can reach different customers, offer exclusivity and perform concentrated orders. Positive aspect of this strategy is that with increasing number of segments, profits are increasing too. [6]

The company ABC, about which I am going to talk in my analytical part, is typical representative of differentiated marketing.

The last, but not the least strategy to cover is niche marketing. As for me, it is one of the most interesting and challenging strategies. In response to definition, niche marketing means concentrating all marketing efforts on a small but specific and well defined segment. Niches do not exist they are being created after precise analysis and identification of needs, wants and requirements.[1]

Such strategy allows company to be the only one member on the market without any competitors, and thus to feel itself big company on a small market, rather than small company on a big market.

Conforming to Kotler, main characteristics of niche market are:

- The customers in the niche have a distinct set of needs
- Customers will pay a premium to the firm that best satisfies their needs.
- The niche is not likely to attract other competitors
- The niche has potential for profits and growth. [10]

Within other characteristics of this strategy, I can't but mention creating customer group willing to pay extra. This happens, because consumers find producers who satisfies their needs better than others. Nowadays, price is not regulated by competition. By creating unique proposition, company can price its products or services higher. Moreover customization takes place in niche marketing. It is not just an activity that directed at selling products to a focused group, it is about receiving feedback from the customers who are the constant users of the products or services; which in turn enhanced it. [2, 7]

Clear example of niche marketing is organic products producers. Organic consumers used to be identified by their concern for their environment, but now there are entirely different segments of consumers who buy organics because they perceive those foods as having higher nutritional benefits. In recent years we can see the growing market of organic products. Producers of organic shampoos, for instance, are making fortunes on satisfied needs of environmental protectors.



### **3 MARKET POSITIONING**

Market positioning is the manipulation of a brand or family of brands to create a positive perception in the eyes of the public. If a product is well positioned, it will have higher level of sales, and it may become the well-known brand for people who need that particular product. Poor positioning, on the other hand, can lead to bad sales and a negative reputation. A number of things are involved in market positioning, with entire companies specializing in this activity and working with clients to position their products effectively. [5]

Positioning directs a product for specific market segments. The same product can be positioned in many different ways. When a product is released, the company needs to think beyond what the product is for when it comes to positioning. It also thinks about the kinds of people it wants to buy the product. [3]

For example, a luxury car manufacturer might be less interested in promoting roominess of their vehicle, and more interested in promoting speed, appealing to people who are looking for high-class cars which are representational and exciting to drive.

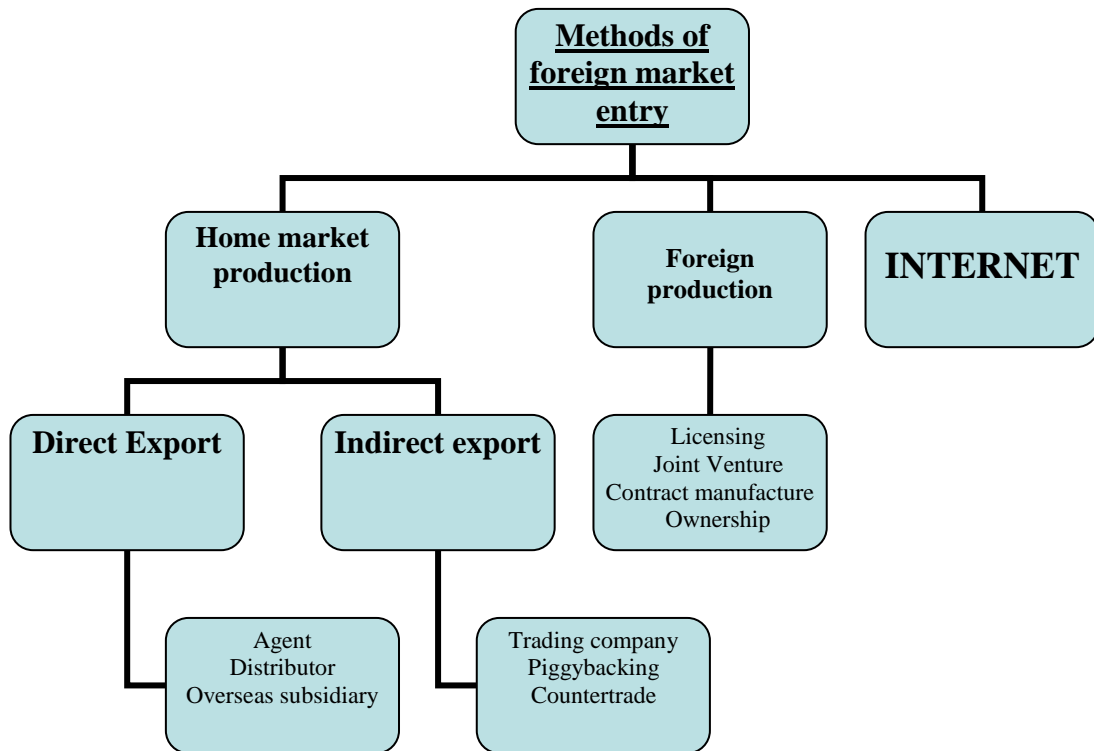
Developing a market positioning strategy is an important part of the research and development process. The marketing department may provide notes during product development which are designed to enhance the product's position, and they also determine the price, where the product should be sold, and how it should be advertised. [4]

As reported by marketers, there are three main types of positioning concepts. First concept is called - functional positions. Positioning a product as it surplus benefits to customers, either solves their problems. What is more, creating positive perception in the eyes of investors and lenders is technique of functional positions. Second type is symbolic positions. Nowadays we can differ hundreds of products among other, not only by their characteristics but also by their logos, mottos and slogans. Symbolic positioning describes to potential customers belongingness and social meaningfulness of the product and creates all conditions for products ego identification from customer's side. Experiential positioning is the third type. With its help companies provide sensory and cognitive stimulation of their product. Thus any mention or reference of the product should reawake customer's positive emotion and should be associated with something good and pleasant for consumer.[15]

#### 4 MARKET ENTRY MODES

International market entry method is a method of delivering goods or services to a target market and distributing them in the target location. [3]

There are a variety of ways in which organisations can enter foreign markets. On the Figure 3 beyond main modern international market entry modes are represented graphically.



*Figure 3 Methods of foreign market entry (own graphic composition)*

In this work I would like to describe four most common forms of entry strategies, such as: exporting, licensing, Joint Venture, ownership and the most modern and progressive method – internet.

The first thing that needs to be said is that without any doubt relatively new mode of Market entry is internet. The Internet is a new channel for some organizations, whereas the only channel for a large number of new emerging organizations. The e-marketing space consists of new Internet companies that have appeared just after the Internet has developed. [18] As well as those companies who has deep roots that now employ e-marketing approaches as part of their general marketing plan. For some companies the Internet is an additional channel that enlarges or replaces their

traditional channels. For others the Internet has provided the opportunity for starting business as a new online company.

#### **4.1 Exporting**

Moving back to widely known modes, I would like to continue with exporting.

Exporting is the most traditional and well established form of operating in foreign markets. Exporting can be defined as the selling goods produced in one country into another. Whilst no direct manufacturing is required in an overseas country, significant investments in marketing are required. The tendency may be not to obtain as much detailed marketing information as compared to manufacturing in marketing country; however, this does not negate the need for a detailed marketing strategy.[13] According to scheme, exporting can be direct or indirect. Direct exporting is straightforward. The organization passes to market representations on its own behalf. This gives it bigger control over its brand and operations overseas.

Examples of indirect exporting include piggy banking, trading companies, etc. Piggybacking is a form of entry, where new product uses the existing distribution and logistics of another business. Trading companies were started when some nations decided that they wished to have overseas colonies. Today they exist as mainstream businesses that use traditional business relationships as part of their competitive advantage. [7, 15, 19]

#### **4.2 Licensing**

In accordance with official definition, Licensing is the method of foreign operation whereby a firm in one country agrees to permit a company in another country to use the manufacturing, processing, trademark, know-how or some other skill provided by the licensor. [13]

Licensing requires little expenses. It can be considered as a good way to start in foreign operations and open the door to low risk manufacturing. However there are some disadvantages of this method. Firstly, licensor has limited time in participation due to length of agreement. Secondly, licensees can become competitors, as they are selling the same product.

One of subdivisions of licensing is franchising. Franchising involves the organization (franchiser) providing branding, concepts, look, and in fact all aspects that are

needed to work in an overseas market, to the franchisee. Management tends to be controlled by the franchiser. [5]

One of the most well-known examples of franchising is McDonald's Restaurants. They are located all around the world, and in every case this restaurants look the same and serve alike food and keeping the standards of clean fast food.

### **4.3 Joint ventures**

The next mode to overview is joint ventures. Joint ventures can be defined as an enterprise in which two or more investors share ownership and control over property rights and operation. [15]

Joint ventures have range of advantages. Firstly, it gives great opportunity to share local knowledge from one side with a foreign know-how technology on the other. Secondly, investors sum up their financial flows and as a consequence gain financial strength. [7]

There are many reasons why companies set up joint ventures. At the very beginning is plays a great assistance role in entering a new international market. Nowadays, in order to enter China market, for example, any business needs to find and merger with local Chinese partners. Moreover, joint venture gives access to research and development, manufacturing and distribution channels.

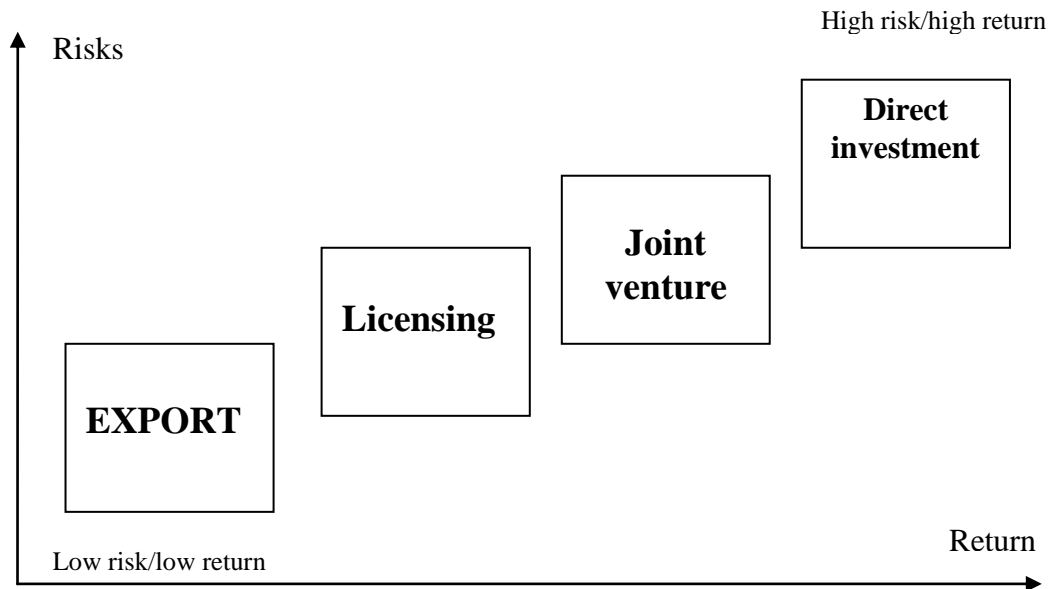
In contrast, however, partners do not posses total control over management. Moreover, as this happens in everyday life, partners may have different vision of development and expect different benefits. As a result, such controversies may lead to termination of contract or court cases. If the partners carefully map out in advance what they expect to achieve and how, then many problems can be overcome. [14]

### **4.4 Ownership**

The final and the most possessive strategy of international market entry is foreign direct investments. It gives ability to control 100% of company's assets and acquire ownership over the company. It is the most extensive form of participation. In this case such ability to control 100% of company may outweigh all disadvantages of joint ventures and licensing. On the other hand, in some countries governments make

restrictions on 100% ownership by the international companies and as an alternative suggest licensing or joint ventures instead.[7, 14]

The decision of market entry strategy can be taken not only on possession and resource basis, but also on the basis of risks and profit ratios. For visualization of this thought, I prepared small graph, showing risk and return of capital proportions of all mentioned above market entry strategies.



*Figure 4 Risk/return ratios of market entry strategies*

According to the Figure 4, exporting as market entry is the list risky strategy for market entry. And at the same time, it has the lowest return of capital. In confront to export, foreign direct investments is the riskiest strategy with the highest return of capital. Whereas, licensing and joint venture gained positions in the middle.

In the end of theoretical section, I would like to conclude. It is obvious that accepting market entry strategy requires not only detailed analysis of market segmentation and market trends, but also savvy estimation of current internal situation on the company.

## **II. ANALYSIS**



**TARGET OF ANALYTICAL PART**

The main aim of analytical part is to present a project of market entry for company ABC. I described snails farming market in the world and specifically in Czech Republic and outlined the consumption of snails in Czech Republic. Moreover, after carrying out research of market trends and segmentation of such specific market, I proposed the market positioning strategy for our products and what segments of market our product can serve in the most profitable and beneficial way. After performing PEST analysis and analysis of competitors, I created market entry mode for Company and developed market strategy. What is more, database of potential clients was compiled and possible risks concerning market entry were described. And finally, I evaluated project costs and calculated time for implementing project.

All researches were carried out using secondary data.

Also, I would like to mention that in accordance to company's privacy policy it is not allowed to use official name of company, as well as potential customer's names in this thesis work, that is why firm name was changed for Company ABC and in data base of potential customers names of customers were changed for Customer 1, Customer 2 and so on.

## **5 OVERVIEW OF COMPANY ABC**

### **5.1 Current state of company**

The Company ABC was founded in year 2000 in Czech Republic by Ukrainian entrepreneurs. The core business of the company is resale of accessories to printers, service parts, toner cartridges and office software. Company is specialised in supplying the top quality compatible cartridges and accessories of various brands, however the leaders of its sales are products of Ricoh brand. Company is working on B-to-B market with firms from Central and Eastern Europe. The main business partners are companies from Poland, Czech Republic, Slovakia, Ukraine, Hungary and Romania. ABC is a small company with 4 employees. Despite the fact of being small company, its year turnover in 2011 was estimated as 950,000 Euro and net profits were calculated as 200, 000 Euro.

Mission statement of the company is “Keep being the number one in what we do”.

Company is selling high-quality products and providing exceptional service to its customers for almost 12 years. And for all this time company’s main objectives are to satisfy needs of maximum number of customers and to build positive image of the company.

Business Philosophy of the Company ABC is that it aims to offer a solution that meets the individual needs of the customer, and implement it in the shortest time and at reasonable prices. Achieving this target is carried out by several principles: customer orientation, professional team, an integrated approach and continuous development.

The company ABC aims to meet the business requirements of its customers by offering the most advantageous and appropriate solution for any customer’s tasks. Through direct contacts with the leading distributors of copiers and printers and service goods to them, price and range of products allows to get high and beneficial positions.

People are one of the keys of success of company’s business. Company ABC created a professional team of highly qualified managers and specialists with many years of experience. Teamwork allows each partner to feel comfortable at any time. This is a great merit of Chief Executive Officer of company. And it proves that quality is better than quantity.

The company is continuously developing. With a view to continued compliance with customer needs the company ABC is studying the market needs and regular

complements and enhances its product range. The company's activities are inextricably linked with the constant increase in efficiency and quality of its work.

## **5.2 Planned production inquiry**

The Company ABC is never staying on one point and constantly develops its performance. All great things happen because of the small idea that appears. It always happens unexpectedly and after detailed thinking about it can bring some results. As I already mentioned before, Company ABC is always developing and seeking for new ways of gaining profits and opportunities. In case with Company ABC appeared idea of harvesting and selling snails on the Czech market.

The idea of selling snails may sound a bit weird. However things are not so bad after analyzing this segment.

There are many species, or kinds, of snail. Land snails can be found in almost every kind of habitat, including deserts, mountains, wetlands, forests and gardens. The biggest land snail is the Giant African snail, which can grow up to 30 cm in length. The biggest freshwater snail is the Giant Apple snail, which can grow to 15cm in length and 600g in weight. The biggest of all snails is an Australian sea snail that can grow to a length of over 77 cm and a weight of 18 kg. Commonly eaten snails include: *Helix pomatia* and *Helix aspersa*. In the western world snail meals are generally known as Escargot—a French word for snail. [22]

Inside a snail's body there is a muscle called a foot, and this propels the snail. The snail's body is kept moist by mucus, and that helps the snail to glide along as the foot ripples. The mucus that the snail produces helps its movement and reduces the risk of injury from sharp objects. If a snail crawls on the sharp blade it want be cut.

This means that each snail female and male lays eggs. It takes 2 weeks to lay eggs after mating. A snail lies between 20 and 50 eggs at a time. [24]

Very interesting from economic point of view fact is that snails are hermaphrodites. This means that each snail female and male lays eggs. Thus the amount of products automatically increases in 2 times. What is more, the shell of snail can be used as an animal feed on farms. As these shells have a lot of minerals inside and they are indispensable especially during winter time. On top of that, eggs of snails are becoming widely popular in cosmetics industry due to it incomparable characteristics. To conclude, snails are resistible to nuclear radiation and their meat is thought to be dietetic.

## 6 SNAILS FARMING OVERVIEW

### 6.1 Snails farming market

France plays a central role in the growing international trade in snails. Some of the snails imported into France are processed and exported to other European countries or to North America, especially to the USA, which imports hundreds of millions of US dollars' worth of snail meat annually. Other important markets are Germany, Belgium, Netherlands, Canada, Switzerland, Japan, Sweden, Austria, Denmark and South Africa.

Among the major suppliers to these markets are Greece, Turkey, Rumania, Algeria, Tunisia, as well as Taiwan, Thailand and China. Most countries supply the European snail species *Helix aspersa*, *H. pomatia* and *H. lucorum*, while the Asian countries supply *Achatina fulica* (it is 10 times bigger). The snails are supplied fresh, frozen or canned. The African species cover about one third of the price of the European species. This is mainly because, compared to the European species, the meat of the African species is considered to be rather rubbery and the shell less suitable for presenting the final product. European consumers generally prefer snails served in the shell.[26]

Snails are very nutritious. In terms of protein, snail meat compares with beef but unlike beef it's low in fat, cholesterol and sodium. As I have already mentioned, it contains rich quantities of iron, energy, protein, fat, calcium, phosphorus etc. Because of these, snail meat finds great use in the treatment of such killer-diseases as stroke, high blood pressure, diabetes, anaemia, asthma, heart beat (palpitations), migraine etc.

Snails have a special substance called galacton (a kind of carbohydrate), which has great immunological value. Snail blood is rich in copper while its shell can be crushed and used to re-enforce cement for building. There is no known disease one can catch from eating cooked snails. This is a plus for snail meat and the breeders of snails. [23]

Snail farming potentials for both the local and export markets are highly under-rated. Local snail meat is a toast in homes, restaurants, hotels, eateries and drinks spots. It helps in no smaller measure to supplement lack of proteins. Snails are a delicacy enjoyed by nationals of many countries especially those bordering the Mediterranean. Others are Italy, France, Greece, Spain, Portugal, Germany, New Zealand, South Africa etc. There a lot of ways f transportation of snails. Harvested

and processed snails can be exported chilled, salted, live, dried, fresh and frozen with or without shells depending on what the target market demands.

Usually, a freshly prepared and fried snail meat is very expensive. It costs between 15 euro per 12 snails in France, for instance. This high price is caused by insufficiency in supply of live snails to meet the high demand for the meat. This supply inadequacy signals a rewarding investment opportunity for any entrepreneur that ventures into the business no matter the level.

Snails are omnivorous and so can feed with relish on fresh leaves. They also eat decomposing plant parts, pawpaw fruits, plantain, fruits and such food supplements as blood meal and fishmeal. They also eat sand. Calcium carbonate sources such as industrial lime, ground eggshells, chalk, ground bone meal etc. help the snails' shell formation and hardness as well as egg laying and their hardness. [21]

There are many methods how to harvest snails, as well as sources from where to get foundation stock. Some of them include those farmers that are already in practice, generation of baby snails from own farm after harvesting, collections from the wild etc. There are pretty lots of snails farming farms in Europe, nearly 50 % of them are offer detailed plans of snails farming foundations, as well as breeding materials. One of such companies is Fereikos Helix. This company is located in Greece. It provides a big range of products and services for snails farming. They are representatives of International Institute of Heliciculture that is located in Italy. Also, they sell technologies for farming snail. Fereikos Helix offer simple farming method. Whereas another company in Poland, for instance, offers two snail farming systems: seasonal, very simple but effective, based on simple materials, extremely cheap, acting in accordance with the principle of the French, "it does not look like but it has to act",. And the most technically and technologically advanced system for year-round use in rooms, halls, based on almost a laboratory technique (this technology has a patent EU), giving almost "industrial" the effects of breeding snails to sell at 2.5 months throughout the year.[24]

In company ABC we would like to position our company as the one that produces organic product that is why we are initially not interested in highly-technological process. Moreover, it requires significant financial investments. We were thinking about offer of Fereikos Helix.

Depending on the level, available capital and purpose for which one is breeding snails, housing of snails can be done in snail pens, boxes, garden plantations, cartons, earthen pots, wooden cages, baskets etc. On a cottage level and for the purpose of

supplying the family with snail meat, not much capital and space are needed. As a result, wooden boxes, cartons, pots and baskets can be used.

Technology of snail farming should meet several basic conditions:

1. It must be economical, that all accessories should be made of materials that combine the advantages of durability and performance with low price.
2. It must be the least labour-intensive and time-consuming
3. The entire infrastructure must be easy to prepare itself
4. Infrastructure is about functioning, not external look.

Analyzing many of the techniques used snail farming in world we have concluded list of those techniques, which are interesting for our Company ABC.

Firstly, it is cuvette farming. The main disadvantage is expensiveness. This methods needs a few thousand cells. Very laborious and time-consuming: each individual cuvette should be cleaned daily, snails move, which with a few thousand cells and snails is impractical.

Second type, is traditional harvesting. This method is being used in France, motherland of snails, for ages. The basic requirements for this method is a need of small room (just 25m sq), a piece of free fields, and fence. Appropriate technologies of reproduction and fattening are the key to success in this case. The same number of snails can reproduce the different technologies in the area of 30 and 150 square meters.[21]

Snails lay eggs in containers with soil. There should be a simple land, and a mixture of peat with the addition of chalk fodder in appropriate proportions. This land must have adequate moisture. Containers for oviposition must have adequate depth (about 6-8cm), no matter whether they are transparent and dark (in the case of *Helix aspersa maxima*). Laid eggs must be shifted into a sealed container in which they will be able to maintain high humidity. There are many schools of incubation of eggs, we use a method where you basically do not use the land. Incubation of eggs should be done at about 25 degrees.[22]

Lighting also has some effect on the incubation of eggs. There are easy ways to manipulate the lighting to ensure effective incubations.

Fattening the target in the parks – is a third possible technigue.

Snails do not require large areas for fattening. According to experts from Euro Helix Farms, park 20x 10m is enough to be fattened from 1 to 1.5 and even more tons.

Parks can be covered and uncovered. Covering parks primarily used to shade the surface, however, has its drawbacks-cost and significant reduction in ventilation,

threatened to overheat on hot days. In outdoor parks, the downside is too much sunlight during hot weather, so the only advice is to frequent irrigation of parks (even every 40 minutes). [24]

Parks must be enclosed by fence. There are many methods of fencing parks. It is recommended to use the fence height 50cm, angled to the centre, so as to constitute a roof. From the inside it is lubricated with ointment, and on earth is in loose powder mixture to deter and prevent the escape of snails.

In these parks, it is essential to pave the path, after which for walking, and between which, in a belt of about 2.5 meters in place a food store for snails. Food store may be made of boards, Euro pallets. Food store also provide refuge for snails during the day, providing shade. Snail is a nocturnal animal during the day is essentially invisible. It is necessary to spray parks in the dry days (rainless), so water supply is essential. Water for irrigation in parks does not have to, as was the case for reproduction, room temperature, it can be cold.[23]

Food store in the parks meet one more very important, extremely easy set screw, which accumulates under them.

## **6.2 Outline of snail consumption**

Snail is reared in commercial farms for its meat and shell. Snail meat is a delicacy in Asian cuisine, Japanese and Chinese in particular. The French delight escargot as an appetizer, where as in the Americas and Australia, where it is commonly also called abalone, it is consumed also as main meal. Snail recipes vary from cuisine to cuisine. Studies on the nutritional value of snail have reported that snail is high in protein but low in fat contents. It is estimated that snail is 15% protein, 2.4% fat and about 80% water. This makes snail healthy alternative food for people with high protein low fat diet requirements. Besides, snail is high in health benefiting essential fatty acids such as linoleic acids and linolenic acids. A study on a snail species in Brazil estimated that 75% of the fat in snail is unsaturated fatty acids. That is 57% polyunsaturated fatty acids, 15.5% of monounsaturated fatty acids, and 23.25% of saturated fatty acids. [26]

Speaking about consumption of snails in the world, United States exports over 300 million dollars worth of snail every year.

The main users of land snail, the various species and in different presentations are European Union countries including France, Italy and Spain. France is being the

largest consumer with an annual demand of 100,000 tonnes. . In addition, France has in the winter season (November to April) an inelastic demand (according to the Technical Cooperation Service SERCOTEC this unsatisfied demand reaches 20,000 MT per year) due to the short supply of major European exporters. It is estimated that France imports about 71% of world exports of snails, followed by Spain and Italy, 8% and 6%. [23]

In France and Italy, the species *Helix pomatia* and *Helix aspersa* are those that have higher import volumes because these countries are not able to meet their demand with local production. In the case of Spain, it follows that the variety imported mainly because *Helix aspersa* is Morocco's main supplier and the country produces only that species.

Greece also showed higher volumes of imports of snails and although it imports large volumes of snail, *Helix aspersa* species is not imported because local production of this variety is sufficient to supply its industry.

Consumers prefer eating snails in the shell and only to a lesser extent as snail flesh in sauces or in special cups. The demand peaks in autumn and spring, which are the seasons for collecting snails in the European climatic zone. However, given the new advanced breeding techniques and the different origins, the product is available in any form throughout the year. Snails are graded in six main categories according to the size of the shell as No. 14 small, No. 12 medium, No. 10 large, No. 8 very large, No. 6 extra large and No. 5 giant ("petit", "moyen", "gros", "très gros", "extra gros", "géant"). [25]

They are marketed in Europe in the following different forms depending on their origin and uses:

1. Live or fresh.

Of local origin they are marketed to the retail trade, the catering sector and for further processing, to the food industry

2. Fresh prepared in the shell.

Of local origin or imported, they are cleaned, washed and prepared locally for cooking with a special seasoning and marketed to the retail trade and the catering sector

3. Frozen snail flesh.

Usually imported and further processed by snail processors.

4. Frozen prepared in the shell.



Prepared as in the fresh form by snail processors using fresh or frozen snail flesh and marketed to the retail trade and the catering sector.

5. Canned snail flesh.

Of local origin or imported, it is marketed to the retail trade and the catering sector.

6. Empty shells.

Of the *Helix* genus, they are stuffed with snail flesh by snail processors, restaurants or final consumers.

### **6.3 Harvesting and consumption of snails in Czech Republic**

Above mentioned supply inadequacy signals a rewarding investment opportunity for any entrepreneur that ventures into the business no matter the level.

We were conducting long research of snails farming in Czech republic and came to the conclusion, that consumption of snails in Czech Republic is very low, as this is thought be a dish from posh and expensive restaurant with sophisticated cuisine. There is pretty small amount of restaurants serving escargot. And most of them are located in a big cities Prague, Brno, Ostrava. What is more, it is difficult to find snails on sale in supermarkets, for instance.

On the other hand, there are some companies and farms selling snails and product from snails. As an example, I would like to mention farm Milov. The main business activities of this farm are

- Selling *Helix Aspersa Maxima* and *Achatina*
- Buying and selling caviar of *Helix Aspersa Maxima*
- Selling 100% “snails extract”
- Selling snails to pharmaceutical companies.

There are numerous examples of companies with similar products. It is important to note, that *Achatina* is a big snail. This type is eatable, however not used for preparing dishes. It is more for decoration of Gardens and aquariums. ‘

There are about 10 farm producing snails in Czech Republic. Majority of restaurants and shop, who are selling small eatable snails order them on local farms or in Greece, Poland or Germany.

Organic foods generated only 0,75 percent of total food sales last year. This share has gradually increased over the years. The current value of organic products consumed in the Czech Republic is approximately (\$106.8 million), which is 3.5 times the value in 2005. The Czech Republic adheres to European Union organic

policy and regulations. The Czech organic market remains reliant on imported products, approximately 60 percent of total organic food supply, to satisfy local demand. The increased popularity of direct on-farm sales, organic boxes (direct deliveries of seasonal fruits & vegetables) and farmers markets is driving the expansion of local product share in the Czech market. Supermarkets, followed by specialized organic stores and direct on-farm sales, are the primary distribution channels for organic products.[27]

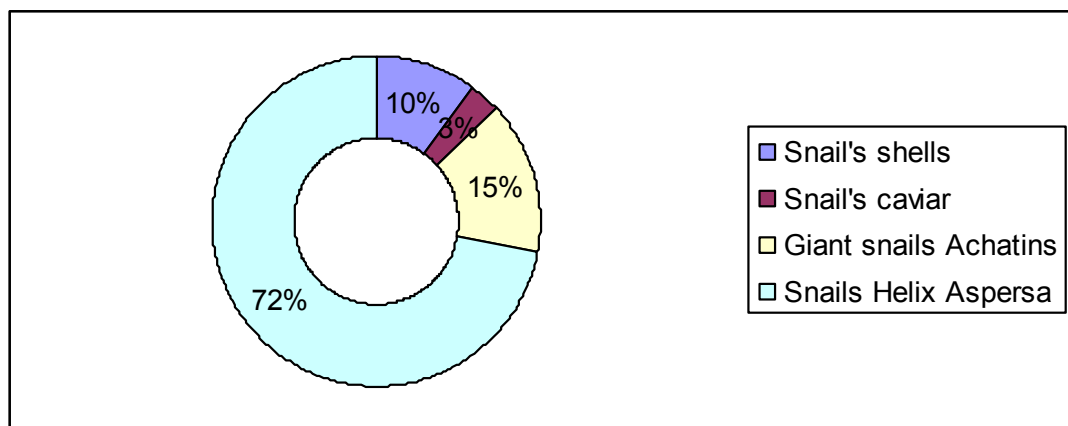
Analyzing the above situation in the country, snail farming is still a neglected but may present itself as profitable agribusiness.

## 7 MARKET SEGMENTATION

### 7.1 Market segmentation

In comparison with French, Spanish or Italian experience, consumption of snails is not as high as in mentioned countries. What is more, mostly they are imported from other European countries.

After analyzing market in Czech Republic, it is obvious for me how market can be segmented. Basically, the snails market can be divided into 4 segments.



*Figure 5 Snail's market segmentation*

First segment is segment of giant snails Achatina. Achatina is a genus of medium-sized to very large, air-breathing, tropical land snails, terrestrial pulmonate gastropod mollusks in the family Achatinidae. [21] They can reach sizes of 25 cm. These snails are rarely used for cooking. Their main purpose of usage in Czech Republic is decoration. A lot of companies sell them as home animal to be kept and breed in gardens, yards or aquariums in flats. Estimated market share of this segment is 15%. The price range for one item differs from 50 to 150 Czech koruna.

Second segment is a segment of snails Helix Aspersa. It is the most popular eatable type of snail. Helix aspersa also known as the European brown snail, is cooked in many different ways, according to different local traditions. It has size 28 to 35 mm for an adult and weight of 7 to 15 g.. It is typically found in the Mediterranean countries of Europe and North Africa and the French Atlantic coast. Estimated price share of this segment is the highest – 72%.

Prices varies from 3,5 to 18 Euros per kg.

Third segment is a segment of snail's caviar. It captures 3 % of general market. It is seasonal product. Price depends on the amount of caviar. For instance, 1 kg costs 8,000 Kc and 50 g of caviar from 500 to 800 Kc. This product is becoming very popular and position itself as luxury good.

And finally the last segment is snail's shell. It has tiny share in 10 %. Average price for snail's shell is 10 Euro per 20 kg. Snails shells can be used in craft, construction and as animal feed. And it consist of valuable and useful vitamins and microelements, which animals require especially in winter.

After visualizing 4 main segments of snails market in Czech Republic were described.

## **7.2 Product positioning**

Product position refers to what the consumer thinks of our product. Either we have lower price or best service, we possess important factors for customer certificates. In general, all those factors which influence on a purchase decision.

The goal of product positioning is to keep our product on top of our customers' mind when they're considering a purchase.

According to experts, to be successful, product positioning must achieve three objectives:

- Differentiate your product from the competition's
- Address important customer buying criteria
- Articulate key product characteristics [15]

Looking back to our product, I decided to differentiate our goods from competitors. And I stated it as "Organic and healthy". Nowadays it is an upstream tendency to live healthy life, keep fit, avoid fast-foods and consume nutrition free products. We are planning to create snail farm and breeding them in conditions as they were in freedom. We decided to feed them only with natural food, without adding any other chemicals for their better growth. The process of packing and frost will not undertake any harmful for snails meat actions. We are going to position our product as Organic. Making Organic lifestyle choices is part of a growing trend, and finding organic food to feed family has never been easier. Many people are taking advantage of sources of organic products in their local area.

Organic agriculture is sustainable. By producing food without harming the soil, farmers work the land without the use of harmful chemicals and by using sustainable methods conserve natural resources like water, beneficial organisms and conserve natural nutrients.

With the problems in our environment today, it's no wonder that health conscious people are turning to an organic lifestyle. Most people start an organic lifestyle by looking for, and buying organic foods. Most grocery stores have organic sections where people can find these foods. Produce, dairy, and meats all come in the organic varieties. These foods are claimed to be healthier, and to taste better. It is also claimed that organic products are better for your individual health, and for the environment.

What is more, we are enhanced breeding snails in Czech Republic, and so we are local (or national) producer. This can add more value to our product. And what is

more, we will be trying to make our product affordable for everyone, because we are supporting healthy lifestyle.

We should not forget about our key product characteristic. Snails are very nutritious. In terms of protein, snail meat compares with beef but unlike beef it's low in fat, cholesterol and sodium. As I have already mentioned, it contains rich quantities of iron, energy, protein, fat, calcium, phosphorus etc. Because of these, snail meat finds great use in the treatment of such killer-diseases as stroke, high blood pressure, diabetes, anaemia, asthma, heart beat, migraine etc. As I have already mentioned, snails have a special substance called galacton which has great immunological value. Snail blood is rich in copper while its shell can be crushed and used to re-enforce cement for building. There is no known disease one can catch from eating cooked snails. This is a plus for snail meat and the breeders of snails.

To sum up, at this point CEO of Company ABC with my suggestion and agreed to position our product as “Organic and healthy”. And to send a message to potential customer that our product is extremely healthy and we are eager to make expensive nowadays organic products affordable for everyone.

## **8 COMPETITORS ANALYSIS**

The competitive analysis process presents an opportunity to describe your major competitors in terms of the factors that most influence revenues. We should initially pay attention at such attributes as:

- organization size
- market share
- comparative product quality
- growth
- available capital and resources
- image
- marketing strategy
- target markets

I defined the main competitors of company ABC on snail market in Czech Republic composed competitors profiles. The main competitors are the following four companies: Czech Farma Milov and SNAILEX PLUS Polish company Helix Eco Center and Greek company Fereikos Helix.

SNAILEX PLUS, s.r.o. started to develop its idea in 1990 and, already in 1991, its implementation of snail breeding and the subsequent processing in a gourmet form was accomplished. The company employs a team of professionals developing a scientific and research programme aimed at superior quality products. After several years of efforts the company SNAILEX PLUS, s.r.o. acquired a complete programme starting from the snail egg and ending with snail delicious.

Our company distinguished itself in 1994 when it introduced snail liver to the gastronomic market. Snail liver won SNAILEX PLUS the first prize for originality and innovation at the International Gastronomic Fair in Dijon, France, in 1995.

Snail caviar is a crown jewel to our gastronomic collection. Thanks to a successful combination of ideas, fantasies and demanding work we were able to bring these unique gastronomic products to your table. The other of our company's products – snails ala Bourguignonne, snail soup and snail paté – distinguish themselves in superior quality as well. The main products of sale: snail liver, snail caviar, snail soup, Snails ala Bourguignonne.

FEREIKOS-HELIX is based in Korinth – Greece, and deals with the development of open snail farms in full biological cycle globally. The company started operating in Greece in late 2007. In January 2008, FEREIKOS-HELIX signed a contract with the

International Institute of snail-farming based in Italy and became the exclusive representative for Greece. In 2009 our company was awarded the "Golden Snail" award as the best company in the world for the development of this activity in Greece, by the International Institute of Snail Farming and in 2011 received the International Prize of Snail Farming. Company has wide range of products: fresh snails, frozen snails, seasoned snails, snail's shells, and canned products. Company sells its product to 11 European countries. In the Czech Republic, due to the high quality of products, majority of restaurants order snails from this company.[22]

Snail farm Helix Eco Center was launched in 2009, after nearly one-year period of gathering expertise, making market researches and experimenting with snail breeding technology.

After a few months of preparations, connected with adapting premises for breeding purposes, preparing necessary facilities and installations, they started with Roman snail breeding.

Now, since January 2011, they simultaneously grow *Helix aspersa maxima* snail as well as *Helix aspersa aspersa* (Muller, petit-gris).

Today, snail farm consists of 10000 square meters of outdoor park and about 300 square meters of buildings adapted for reproduction hall, snail nursery, cold room for hibernated snails, storeroom, social facilities and office.

Farm is under veterinary supervision and has all the certificates and permits needed, that allow us to reproduce and sell live snails as consumable products. They breed snails in ecological way, feeding them with natural pasture, made of plants, with no artificial additives.

All snails they deliver are alive, cleaned and defecated, dried, hidden in shells and hibernated in temperature of 6°C. Shells of snails we offer are hard and wrapped. They offer the product of the highest quality for our customers as well as for final consumers of the exquisite and delicious products made of snails.

Czech Farma Milov was founded in 2010. This company specializes in the farming and marketing of the snail species *Helix aspersa* Müller, African giant snails, snail's caviar and pharmaceutical elixir from snails. They conduct snail farming locally and provide their production at the domestic market as well as for export.

By applying the appropriate farming processes, they maintain the favorable microclimate for snail growth and welfare and ensure optimal conditions for the nutrition and hygiene of snails.



The main goal is the production of high quality snails. Quality which is expressed through: high nutritional value, superior sensory attributes, food safety and hygiene.

[27]

**9 PEST ANALYSIS**

PEST analysis stands for "Political, Economic, Social, and Technological analysis" and describes a framework of macro-environmental factors used in the environmental scanning component of strategic management.

PEST factors play an important role in the value creation opportunities of a strategy. However they are usually beyond the control of the corporation and must normally be considered as either threats or opportunities.

<b><u>Political</u></b>	<b><u>Economical</u></b>
Governmental changes in hygiene, health and food regulation sand food standards The introduction of Organic Products Law The new provisions of the Tax Law Changes in the law regulating agriculture	Economic growth Inflation Financial crisis Severe competition Total external costs: - costs for raw materials - energy costs - rub on transportation
<b><u>Social</u></b>	<b><u>Technological</u></b>
Changes in the structure of revenues and expenses of population Changes the general consumer preferences Changes the basic values of consumers of snails Changes in the level and style of life	Technological changes in snail's harvesting processes The emergence of new technologies and it's quick adaptation to market

*Table 1. PEST – analysis*

As I have already mentioned, factors which are enlisted in PEST-analysis can occur as both negative and positive circumstances for company.

Above I described in details how exactly this attributes can influence performance of Company ABC while entering snail market and setting up on it.

Firstly, it is a political factor. Czech Republic seems to be a country with a stable political situation, however the following changes may Occur. To start, governmental

can make governmental changes in hygiene, health and food regulation and food standards. As our product is agricultural and it is food, we can suffer after implementing any changing negatively influencing our production. To continue, government can introduce Organic Products Law. Organic is a very new tendency nowadays and a lot of companies in order to attract their customers uses this fact. They state on packaging of their products, it's organic, however, in many cases it is far not true. So government can introduce specific law concerning control of such cases, when customers are treated as fools. And such regulations can be strong. Moreover, there is a chance that state declares new provisions of the Tax Law. This can negatively influence price of our product and as a result demand on it.

And finally, there can be changes in the law regulating agriculture industry. We are planning to start farming business that is why we are sensitive to any kind of changes in agriculture.

The next factor is economical. Firstly, I mentioned economic growth. As a consequence, we may get a lot of advantages out of this factor. As economic well-being of customers will increase, there demand will increase, and so it creates for us new opportunities for enlarging amount of production for selling and raise of profits. Secondly, inflation in Czech Republic is actual topic of concerns. It is slowly but constantly increasing. As a result, customer's purchasing power parity is decreasing. Thirdly, financial crisis on micro or macro levels can appear. And this can bring both advantages and disadvantages. In cases business will grow, financial crisis, for example, may help to enlarge production capacities by buying new lands. As during financial crisis, land is cheaper. Moreover, severe competition in snails farming market may appear. As the technology and pricing strategies are pretty the same among the competitors, companies may use different tools for overcoming competition and gaining new shares of market. And finally, further in my project I will describe that about 50 % of farming project start up consists of external costs. That is why, increase or decrease of costs for raw materials, energy costs, rub on transportation has a straight influence on our business.

Third group of factors is social. First attribute is changes in the structure of revenues and expenses population. For instance, customers can start make more savings, by eating at home and not going out for dinners. If we choose the right target markets, I this changes will bring for pros for us. Second factor is changes in the general consumer preferences. This factor is about possible changes which may appear, because people change and they acquire new information about new brands on the

market. At this case it is very important not to loose current customers and try to attract new ones by offering them products precisely satisfying their needs. Furthermore, changes may appear in the basic values of consumers of snails. For example International Institute of helicoculture in Italy is constantly providing research on useful qualities of snail's meat. Perhaps, they can find some new characteristics of snail's meet. We only have to hope, they will be positive, because in other case, it can have an impact on demand and sales of snails. And finally, we can meet new changes in the level and style of life. Nowadays we are leaving the era of healthy lifestyle and success is a trend. Nobody knows how long this situation will continue, but there is a possibility that it will change.

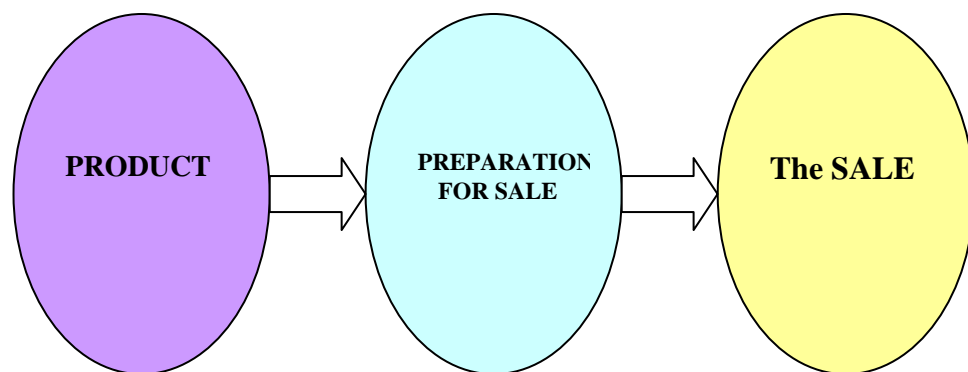
And the last factor to cover is technological. Firstly, there is a possibility that we can face technological changes in snail's harvesting processes. As production of snails is seasonal, farmers all around the world are trying to fix this situation. For example in Poland, farmers invented technology in which snails mate and breed all year round. Secondly, tin case new technologies will emerge there are all chances that adaptation to the market will be quick. Switching to the new technologies in snail's farming should be careful. As by arranging all-year-round harvesting cycle it's important not to forget that we are positioning our products as organic. And farming snails in closed premises can influence our brand image.

## 10 DEVELOP MARKETING STRATEGY FOR COMPANY ABC

Company ABC asked to prepare market strategy and develop project for their idea of snail marketing.

I am performed clear and step by step market entry project for company ABC. I started at the point of visualizing process of snails harvesting. In the very beginning I would like to introduce short overview of project.

We can assume that the process of breeding and sale takes place through three main stages:



*Figure 6 Stages of process of breeding and sale snails*

The first stage is Product.

Our product is snail. Specific name - *Helix aspersa*. We can this product by breeding and harvesting it on the farm. The process of farming of snails should be done as similar as possible to the natural breeding of snails without adding any nutrition, chemicals for the their faster growth or any other harmful elements.

Second stage is preparation for sale.

At this stage we will choose which snails we can sell. This step includes several important processes, such as:

- selection
- purging
- calibration

- cleaning
- freezing
- packaging
- labelling

It is crucial to follow this steps without harming our product and try to minimize percent of damaged product items in presale period.

The third stage is sale.

This stage includes making contacts with buyers, bargain about prices and conditions of payment, signing contracts, discussing transportation conditions.

The realization of the above stages require:

- Knowledge.

Is a very important to acquire knowledge about farming and business management. This problem can be solved in 2 ways. Firstly, it is self-education. There are, not a lot of, but enough books, brochures, advice forums in the internet about harvesting snails. Second way, is participating in workshops and educational programmes, which are offered by international Institute of Helicoculture in Italy.

-Investment.

It is the vital point of every business. Initially, the company ABC was intended to invest their own money into the project. The cost analysis of the project is represented in Paragraph 11.

-Expenditures.

Working in agricultural sphere and producing food for further sale requires registration and records on different levels; municipal, provincial and national levels.

For project accomplishment Company ABC has to:

- Add a new business type to subject of business in business rejestr
- Receive license on farming and selling snails from Ministry of Agriculture in Czech Republic
- Get certification for organic production. It is not compulsory, but displays the main idea of organic snails farming concept.

- Production expenses

In snail farming production expenses can be divided into two categories. First, is costs of cultivation of snails, including food of the snails and the cost of air conditioning and maintenance of facilities. Second category refers to packaging materials, labels and expenses concerning operations until the sale collection.

- Labour

While the tasks of snail farming do not require great physical effort and demand only a certain number of hours of care. I advise company to hire one employee, preferably with agricultural education.

- Business management

While managing snail farming business Company ABC is recommended to pay attention at certain priorities. Management need to act quickly to implement measures of control and regulation towards achieving solid enterprises real prospects to start, build and grow.

One of the most important aspects of snail farming is selling our snails. It involves getting our snails into the market by educating, promotion and creating a brand image to encourage customers to buy your snails.

After accurate and precise analysis of company, it's competitors, snail's farming market, macro and micro factors that can have an impact, I proposed for Company ABC to implement niche marketing strategy in order to reach target market and to create their own segment – production of organic snails affordable for everyone. The managing board agreed on such positioning and gave me a task to continue my research and preparation of market strategy for conquering this niche.

The proposed market entry strategy for company ABC is ownership. I acclaim that company should develop a brand and own or rent a farm for snails breeding. What is more I recommend company to take part in this project, as it is a way of increasing profits and conquering new markets. Despite the fact that it is a Greenfield project, I am concerned that company has all prerequisites to gain success. And to be a good example how company can use differentiated marketing strategy for enlarging profits and conquering new markets.

Marketing creates awareness of our snail product and builds our company's brand image and reputation. The consumer wants to know weather the price is worth the value of the product.

Marketing is supplying the needs of the customer and is mostly governed by the main 4 “P’s”, which I mentioned in my theoretical part. I describe what stands for product, price, place, promotion.

Product — the product is fresh processed snails, cleaned and prepared, ready to use in the customer's recipe of choice. All attributes and benefits of the product must be known and available to the customer, emphasising the organic characteristic of it.

Price — the best selling price for optimal returns. The suggested pricing guide is shown below for top-quality, whole snails, cleaned, purged and shelled.

- Wholesale, restaurants, basic packaging 2.50 - 3.00 Euro per kg
- Packaged for retail display for shops and markets - 4.00 - 4.75 Euro per kg
- Frozen snail meat package for shops, supermarkets and restaurants – 3.00 – 3.50 Euro per kg

Place – local wholesalers, supermarkets, restaurants. Snails will be delivered locally or within a short distance to the destination. They should be chilled and transported in an insulated container with cooling bricks. Refrigerated transport is the preferred mode of transport for snail delivery. Transportation can be arranged privately or negotiated with freight companies for the best rates, the fastest and the most reliable form of transportation.

Promotion — the promotional activity highlights the characteristics and the benefits of the product. This includes branding and packaging. In order to attract attention to the product, I would recommend company to make bright and creative packaging. What is more, it is crucial to launch a website with company's profile. On top of that, Company ABC should think about interesting and memorable brand name.

As a part of promotion company should undertake following actions:

- Develop a corporate brochure
- Develop personalized business cards
- Advertise in supermarket's publications
- Advertise monthly in magazines that are specifically targeted to the organic and healthy way of living segments.

All these actions will assist in raising the awareness and the advantages of company's product to the community and potential customers.

For this project I added one more "P" – positioning.

This is the level where the product is delivered into the market arena. I suggest company to create and gain a new niche on the market – niche of organic snails, available for different types of customers with different level of incomes, but preferring healthy lifestyle.

For achieving highest results and profits in snail farming Quality control is vital. It is important to realize that 'quality' is determined by the intended users, so it is crucially important that only the snails that meet 'quality assurance guidelines' are sold by Company ABC.

Quality control is one of the most important aspects of selling fresh snails. The customer wants to see what the snails look like. That is why it is recommended that only snails processed and extracted from the shell are sold to maintain control of



quality. The difference between unhealthy looking snails and those that are good quality involves examination of the extracted snails to identify any that are not suitable for sale.

This can also cause problems. The quality of the snail is sometimes not known until it's extracted from the shell. And we are intended to sell snails in shells and without it. Sometimes the snail looks flattened or wizened. In our case, a snail should not be sold if it is not plump and healthy.

Quality control is crucial in meeting the required standards of snail product so that it is dependable, satisfactory, and fiscally sound.

Another important aspect to consider is that many customers, particularly those from other countries consider they are experienced in cooking snails and are liable to feed them so they can keep them longer.

The guarantee of healthy, properly purged and safe snails is questioned, if the snails are fed again after leaving farm. The grower cannot be responsible for the health of live snails after they arrive at their destination.

For these reasons producers are encouraged to sell only cooked and processed snails to ensure optimum quality and a safe, clean product.

Quality assurance is a wide ranging concept covering all matters that individually or collectively influence the management of the business processes.

Steps are put in place so that both the producer and the customer are satisfied with the quality and consistency of produced snail product and the service provided.

The following are some actions to help to define the expectations of the customer. This action should be taken from time to time after starting a project.

Plan — establish objectives and processes required to deliver the desired results.

Implement — implement the process developed

Review — monitor and evaluate the implemented process by testing the results against the predetermined objectives.

Improve — apply actions necessary for improvement if the results require changes.

Instigating a quality assurance system will help to improve farming processes and efficiency so the snails company is selling are of the highest standard. Customer confidence will be maintained along with business credibility. This will assist company to better compete with others.

It's important not to forget about branding which is burning company's name and logo into the mind of your potential customers.

The creation of an eye-catching brand helps to generate a reliable reputation and builds up customer base.

Branding includes company name, logo, colour schemes, domain name, motto etc. It is important that the online and offline images of business should be harmonious.

Packaging and branding is about good presentation that sends a strong message to the customer about the product.

To enhance the presentation and first impression of our snail product, we should pack them carefully. This gives a very clear view of your high-quality product so customers can see exactly what they are getting.

It is important to maintain reliable supply to regular customers. However, to cater for additional demand from other sources, it is vital to keep a record of batches of purging snails that are ready for the market or almost ready.

Efficient management of snail purging allows customers to know exactly when to expect delivery.

As a part of marketing plan I offered my ideas, how advertising should be held. This section covers creating web-site, usage of social networks, media releases and so on.

Website — being found on the internet gives your customers information about your snail products and method of production. Potential customers will obtain answers to their questions about how the snails are grown and processed, the products you offer and other 'news' such as awards, snail tastings and events.

A 'gallery' and 'recipe section' will also provide valuable visual information and inspiration to try snails. A website also provides an easy way for potential customers to contact for information or to find out where they can buy our products.

Media releases — an effective method for promoting business and products and establishing a business profile. Publicity generated by press releases is free, and often the coverage is far more extensive than anything someone could have hoped to say in a paid advertisement.

Social networks — posting out individual letters, brochures or newsletters outlining your product and its qualities to targeted markets. The main social networks to use are Facebook, Youtube, LinkedIn, etc.

E-marketing – with the usage of internet, we can find customers on internal and external markets just by posting announcement on the special web-site. One of examples is a web-site - [www.alibaba.com](http://www.alibaba.com).

Snail attributes - advertising material such as fridge magnets that display your brand and contact details can also be sent by mail to potential customers.

‘Word-of-mouth’ — one of the most effective methods for advertising products is by ‘word of mouth’. However this technique can be used in future, after we get our first customers and satisfy their demand.

After providing all analysis and building strategies the biggest problem appeared in project. Where to buy breeding material? As breeding material is our starting point. It is a very risky to buy it from unknown companies. As breeding material is our key to success. Without harvesting snails this project is doomed to failure. In order to get solve this problem, I suggested company to consultate with representatives of International Institute of Helicoculture in Italy about this issue. This institute provides consultations about all aspects of snails farming and they are not free of charge. One of their services is providing information about the best breeders of particular regions and supply with their contacts. Despite being cost consuming, managing board of Company ABC agreed on contacting with institute. I can’t say that this step helped us to avoid risk, but at least it minimized it. After consultation, we made a decision to buy breeding materials from Polish company Snails Garden. The predicted price for breeding materials is

Speaking about future perspectives, I can’t but mention that in case of successful implementation of initial project, I would strongly recommend to enlarge its product range. Possible future projects involve:

- Snail Shells selling
- Snail Caviar
- Introducing snail tasting trips

Snail eggs are considered an eclectic, new luxury by-product of terrestrial snails.

The snails are collected, carefully cleaned and handled and packaged as ‘snail caviar’. The processing of snail caviar is intensive and meticulous but has the potential for another sought-after snail product and offers an unique marketing feature.

A large number of shells are generated after the poaching process and these shells are made up of mostly calcium carbonate (lime). The shells are beneficial to compost heaps and soil to help raise the pH level. They can be recycled by ploughing back into the snail farm fields as a substitute for garden lime. Alternately, the empty shells can be or crushed, packaged and sold to garden centres for a natural additive to

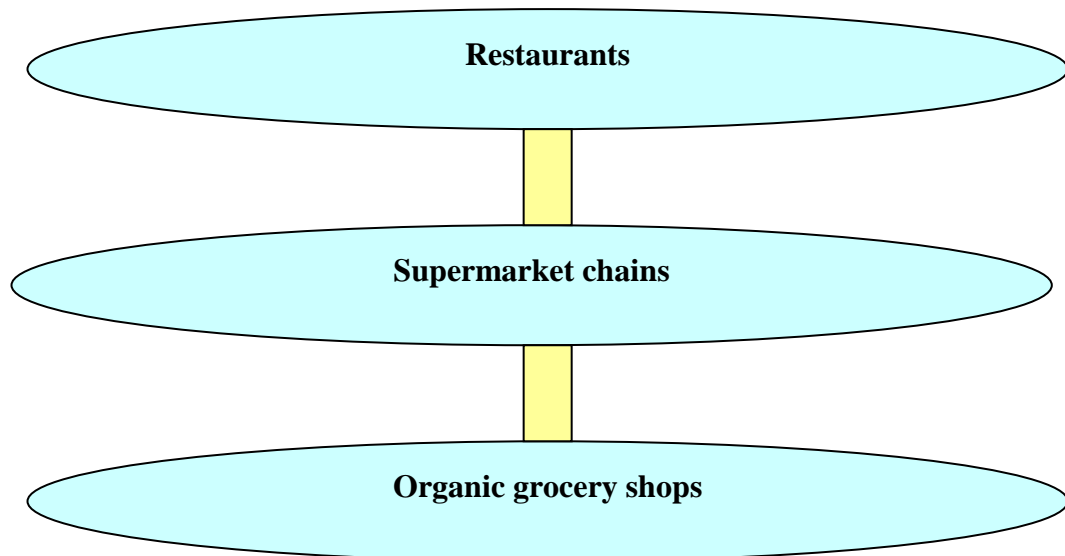
compost heaps or gardens or to free-range poultry farmers as a calcium source for their livestock.

Company can introduce snail tasting trips. This can be a very exciting couple hour trip on the farm for testing delicious dishes from snails, prepared using original recipes. What is more such trips will allow people to get acquainted with features of snail breeding. And of course it increases profits.

Its obvious economic potential and excellent prospects for development in Czech region, quite favourable weather conditions and intervention is essential to an organization that promotes, encourages and regulates commercial breeding of snails in order to develop the business, which once organized and orderly conduct its efforts to achieve a quality standard that will ensure enforcement of product at competitive prices, thus leading to market positioning.

## 11 OUTLINE POTENTIAL CUSTOMERS

As I have already mentioned, our product aimed to gain a niche of organic snails, available for different types of customers with different level of incomes, but preferring healthy lifestyle. We want to make snails accessible to everyone in this country. We have chosen business-to-business market, as a “battlefield”. Thus we can outline 3 groups of our potential customers.



*Figure 7 Three groups of potential customers*

Three main groups consist of restaurants, supermarket chains, and organic grocery shops. To the first group belong primarily French, Spanish, Italian restaurants which are located all around Czech Republic. Second group is represented by supermarket chains, which covers all territory of country. And finally third group, is includes organic grocery shops, mainly located in Prague and Brno.

### 11.1 Create database of potential customers

After analysing all possible customers I created database of potential customers of the company.

There are a few selection criteria which I used for formation of database:

- potential customer's awareness
- location
- number of clients
- reputation

- experience
- strong interest in cooperation with our company
- snails in menu (for restaurants).

Considering all requirements mentioned above we have chosen companies, which we consider as our potential clients, from every group.

Within all possible restaurants, we have chosen the following ones, as they better meet our requirements.

*Table 2 List of potential customers (restaurants)*

<b>Restaurants</b>		
Name	Contacts	Comments
Restaurant Les Moules	Prague 1, Pařížská 19/203, Phone: 222 315 022	French restaurant
Restaurant Café Savoy	Prague 1, Vítězná 5, Tel: 257 311 562	French restaurant
Restaurant Café Palanda	Prague 1, Zlatnická 1122/11, Phone: 777 700 422	French restaurant
Restaurant La Gare	Prague 1, V Celnici 3, Phone: 222 313 712	French restaurant
Restaurace Monarch	Prague 1, V Kolkovně 6, Phone: 222 315 545	French restaurant
Restaurace Chez Marce	Praha 2, Rubešova 10, Tel: 224 239 570	French restaurant
La Provence Restaurant & Brasserie	Štupartská 9, Praha 1 – Staré Město	French restaurant
Passepartout	Americká 20, Praha 2 – Vinohrady	French restaurant
La Bouchee	Údolní 567/33 602 00 Brno 542 212 560	French restaurant

It is absolutely obvious that that most restaurants, we are considering as our potential clients are located in Prague. On top of that, all of these restaurants are French.

Second type of our potential clients is supermarket chains. They are presented in a Table 2.

Table 3 List of potential customers (supermarket chains)

Supermarket chains		
Name	Contacts	Comments
Tesco Stores ČR a.s	Vršovická 1527/68b 100 00 Praha 10 Telefon:+420 272 087 111 +420 272 086 111	<b>57</b> stores in Czech Republic
AHOLD Czech Republic, a. s (Albert)	e-mail: info@ahold.cz, tel.: +420 234 004 111	280 stores in Czech Republic
MAKRO Cash & Carry ČR s.r.o.	Jeremiášova 1249/7 150 00 Praha 5	13 stores in Czech Republic

There a lot of chain supermarkets in Czech Republic. While analyzing in order to choose potential clients among them, generally I paid attention on their target markets and their main customers.

Tesco, a member of the Association of Commerce and Tourism, entered the domestic market in 1996. The basis of philosophy is to provide customers with the best and become a business for everyone. Tesco operates throughout the Czech Republic five basic types of stores, gas stations and shopping centres.[30]

At the moment we are negotiating about possible perspectives of selling our products in the following stores of Tesco:

- hypermarkets - large business units that offer one-stop food and non-food goods
- supermarkets - self-service stores with a wide selection of fresh and preserved food supply and basic dry goods.

MAKRO Cash & Carry ČR is a wholesaler with a wide range of goods that provides services exclusively to registered customers, business entities (individuals and legal persons). After registration the customer receives an entry card which entitles him to shop at Makro.

Makro operates 13 wholesale centres in the Czech Republic. The majority of the offered range of goods is made up of food, much of which, especially fresh food, is available only in MAKRO stores. All have a total area of approximately 15,000 m<sup>2</sup>, of which 9,700 m<sup>2</sup> is retail space. The exceptions are Černý Most (8,500 m<sup>2</sup>), Plzeň (6,500 m<sup>2</sup>), Zlín and Liberec (6,000 m<sup>2</sup>).[31]

AHOLD Czech Republic, a. s operates on the Czech market since 1990 and is part of a global retailer Ahold. It currently has more than 280 stores. In one year served nearly 200 million customers. Now customers chose Albert four times in a row in a supermarket. [32]

There is a very interesting fact for us. Albert healthy life launched bio-project. This project covers a wide range of organic food. The private label Bio Albert is prepared concept of "healthy products". Another component of the project is to communicate information on own brands of Albert. The Healthy Five aims to awaken in the pupils of elementary schools interested in fruit and vegetables and healthy food at all.

At the third group are organic grocery shops.

*Table 4 List of potential customers (organic grocery shops)*

<b>Organic grocery shops</b>		
Name	Adress	Comments
Bio Zahrada	Belgická 33, Prague 2 Phone: +420 603 752 468	Cafe and organic shop
Bio Dejvice	Dejvická 26 Praha 6, Dejvice	Organic store
Bio Smíchov	V. Huga 4 Praha 5, Smíchov	Bio-shop
Lifefood Czech Republic s.r.o.	Podnikatelská 566, Praha 9 tel: (+420) 606656656	Bio-shop
BioShop KOPRETINA	Ivana Olbrachta 84 KLADNO 272 00 Tel.: +420 721 524 171, +420 775 575 852	Organic store
ALBIO – BIOPOTRAVINY	Truhlářská 18 • 11000 Praha 1 Prague 1 - Staré Město, Malá Strana...	Organic store
BIO MARKET VÍTEK	Vinohradská 53 • 12000 Praha 2 Prague 2 - Nové Město, Vinohrady	Bio-shop

As we are positioning our product as organic, it is important extremely important to find potential customers within organic shops in Czech Republic.



## 11.2 Pricing strategy with potential customers

Setting prices for snails is a pivotal decision for company. Pricing is a task that needs to be periodically revisited to respond to changes in the industry, the mood of customers and current market situation. Setting prices involves considering many factors, including the cost of breeding material, production costs, costs of labour. It is up to primary importance, to be aware to pricing strategies of competitors and average price on market.

Food costs are one of the first considerations that go into snail pricing. This is simply what it costs to feed an animal while it is breeding,

Other expenses that need to be calculated into a snail's pricing strategy include labour, rent, equipment and marketing costs.

On the one hand, organic and healthy product have price higher than the same product without organic label, but this seems to be false with organic snails. Without any doubt, snails farming is time consuming business this means automatic increase of its price. But at the same time we want our product to be affordable for a wider range of customers.

Management of the company ABC set prices on products by themselves. They claimed price for wholesalers to be from 2,50 to 3,00 Euro per kg. Price for frozen fillet of snail package for shops, supermarkets and restaurants was set 3.00 – 3.50 Euro per kg. And price for fresh packaged snail for was set as 4.00 - 4.75 Euro per kg. Management board explained such decision. They find such pricing strategy appropriate for current market situation and profitable for entering market.

Company ABC gave me a task to calculate possible maximum profits from selling snails to supermarkets using negotiated prices. I must admit that the sale price is different for every product for every supermarket chain. According to the privacy police of Company ABC, I am not allowed to spread confidential information. That is why instead of supermarket's names I will put number.

*Table 5 Prices offered for 3 supermarket chains for different products, Euro*

Supermarket chain	Fresh snails for wholesaler	Packaged fresh snails	Packaged frozen snails meat
S1	3,00	4,00	3,11
S2	2,50	4,30	3,45
S3	2,75	4,20	3,05

To define what product and its sale to which supermarket brings the most profits in this part of the thesis the linear programming is used.

Using the data presented above it is necessary to build one more table in order to define the variables for the linear programming analysis.

*Table 6 The variables for linear programming analysis*

Supermarket chain	Fresh snails for wholesaler		Packaged fresh snails		Packaged frozen snails meat	
S1	3,00	X <sub>11</sub>	4,00	X <sub>12</sub>	3,11	X <sub>13</sub>
S2	2,50	X <sub>21</sub>	4,30	X <sub>22</sub>	3,45	X <sub>23</sub>
S3	2,75	X <sub>31</sub>	4,20	X <sub>32</sub>	3,50	X <sub>33</sub>

Variables are X<sub>11</sub> - X<sub>33</sub> where the first number indicates number of the row and the second number of the column.

To start the linear programming analysis it is essential to define constraints for all variables described above.

$$S1 \quad X_{11} + X_{12} + X_{13} = 1$$

$$S2 \quad X_{21} + X_{22} + X_{23} = 1$$

$$S3 \quad X_{31} + X_{32} + X_{33} = 1$$

$$\text{Fresh snails for wholesaler } X_{11} + X_{21} + X_{31} = 1$$

$$\text{Packaged fresh snails } X_{12} + X_{22} + X_{32} = 1$$

$$\text{Packaged frozen snails meat } X_{13} + X_{23} + X_{33} = 1$$

Objective function is to maximize profits from sale:

$$Z = 3X_{11} + 4X_{12} + 3,11X_{13} + 2,5X_{21} + 4,3X_{22} + 3,45X_{23} + 2,75X_{31} + 4,2X_{32} + 3,5X_{33} \rightarrow \text{MAX}$$

Mooving further to the first step.

I am choosing WinQSB program and go to Linear Programming part. After that I name the problem, define number of variables and constraints, and choose objective criterion variable type.

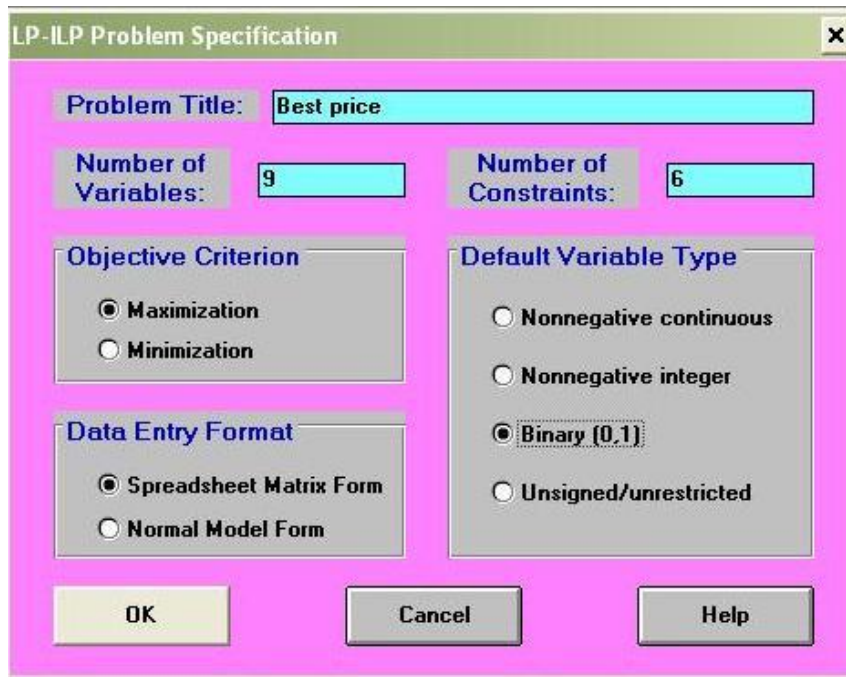


Figure 8 Input table for the Linear Programming in WinQSB

Second step. Just for better understanding it's better to create such a table with indexes used in WinQSB.

Table 7 Indexes table for the Linear Programming in WinQSB

Supermarket chain	Fresh snails wholesaler	for	Packaged snails	fresh	Packaged snails	frozen meat
S1	X1		X2		X3	
S2	X4		X5		X6	
S3	X7		X8		X9	

The following step is to input data to the input table in the Linear Programming mode in WinQSB. As an input data prices and variables from the Table 5 and Table 6 are used.

Variable ->	X1	X2	X3	X4	X5	X6	X7	X8	X9	Direction	R. H. S.
Maximize	3.00	4.00	3.11	2.50	4.30	3.45	2.75	4.20	3.50		
C1	1	1	1							=	1
C2				1	1	1				=	1
C3							1	1	1	=	1
C4	1			1			1			=	1
C5		1			1			1		=	1
C6			1			1			1	=	1
LowerBound	0	0	0	0	0	0	0	0	0		
UpperBound	1	1	1	1	1	1	1	1	1		
VariableType	Binary	Binary	Binary	Binary	Binary	Binary	Binary	Binary	Binary		



Figure 9 Input table in the Linear Programming mode in WinQSB

In order to make the Linear Programming precede all given information correctly it is necessary to input more data. In the table the additional data is presented by ones in certain places in the table. And pressing solve button after which, we receive message that solution is found

And following table with solutions appears.

	Decision Variable	Solution Value	Unit Cost or Profit c(j)	Total Contribution	Reduced Cost	Basis Status	Allowable Min. c(j)	Allowable Max. c(j)
1	X1	1,0000	3,0000	3,0000	0	basic	2,7500	M
2	X2	0	4,0000	0	-0,3000	at bound	-M	4,3000
3	X3	0	3,1100	0	-0,3900	at bound	-M	3,5000
4	X4	0	2,5000	0	-0,5000	at bound	-M	3,0000
5	X5	1,0000	4,3000	4,3000	0	basic	4,2000	M
6	X6	0	3,4500	0	-0,0500	at bound	-M	3,5000
7	X7	0	2,7500	0	-0,2500	at bound	-M	3,0000
8	X8	0	4,2000	0	-0,1000	at bound	-M	4,3000
9	X9	1,0000	3,5000	3,5000	0	basic	3,4500	M
	Objective	Function	(Max.) =	10,8000				
	Constraint	Left Hand Side	Direction	Right Hand Side	Slack or Surplus	Shadow Price	Allowable Min. RHS	Allowable Max. RHS
1	C1	1,0000	=	1,0000	0	0	1,0000	M
2	C2	1,0000	=	1,0000	0	0	1,0000	M
3	C3	1,0000	=	1,0000	0	0	1,0000	M
4	C4	1,0000	=	1,0000	0	3,0000	0	1,0000
5	C5	1,0000	=	1,0000	0	4,3000	0	1,0000
6	C6	1,0000	=	1,0000	0	3,5000	0	1,0000

Figure 10 The result table in Linear Programming mode in WinQSB

As a result, we can see that company has one option how company can sell its snails and maximize profits as much as possible. It can be done if company sells fresh snails with 3 Euro per kg to supermarket chain 1, packaged fresh snails with price 4,30 Euro per kg to supermarket chain 2 and packaged frozen snails meat with price 3,50 Euro to supermarket chain 3.

## 12 EVALUATION OF COSTS, RISKS AND TIME

### 12.1 Cost analysis of project

Accurate and precise cost assumptions are critical to developing short-term and long-term budgets for planned projects. [11]

Company ABC is planning to invest their money from their current business to future possible project of snail farming. That is why detailed analysis of all possible costs is required. In this part of my thesis work, I calculated all costs, which are required for starting project. I decided to present cost analysis of snails harvesting project in a table below.

*Table 8 Costs analysis of project*

<b>Activity</b>	<b>Cost (€)</b>
Renting of a plot of land with premises, 5000M2	2000
Installing fence	300
Installing the piles and galvanized plates	1500
Placement of artificial rain system	1200
Fertilization-disinfection	500
Buying breeding materials	5000
Materials for specialized sowing	500
Buying containers for keeping snails	800
Forage for snails	5000
Consultation with International Institute of Heliciculture	200
<b>TOTAL:</b>	<b>17000</b>

It is clear from the table that before starting farming snails having land with premises is not enough. Before farming the following activities should take place:

- Fencing wire
- Installing the piles and the galvanized plates

- Placement of artificial rain system
- Fertilization-disinfection

All these steps require investments and without them the process of snail farming can't start. Without these steps harvesting is violating. Also it is important to add to this list payment of fee 1,000 CZK for registration as an organic farmer.

Also I would like to underline, that this list of costs is primary. Every month, to this number expenses on feeding material, wages, electricity and water supply will be added. And, of course rent for land should be paid every month. Expenses on disinfections can bring only benefits, as our animals will be protected from diseases.

The core item of expenditure – breeding material costs were estimated as 5000 Euro. It is price for 50000 small snails, which will mate and harvest around 250000 snails. Big snail, ready for being consumed weights 25 gr. We can't purchase more than 50000 small snails because after they grow up, they will be out of space on the farm. Moreover, we can't buy less, because it will be inefficient from an economic point of view. While growing up to appropriate sizes, snails eat comparably a lot. We can't cut costs on their forage, as consequently we will get product of poor quality.

## 12.2 Possible risk analysis

The main aim of risk analysis of my project is to define the main risk factors which may cause serious consequences for the project and prevent successful implementation of current project.

There are a lot of risk factors to consider when entering Czech market of snails farming. It is for our benefit, if we carefully examine each of them. Besides analyzing possible risks I evaluated them, using scale from 1 to 10. Where 1 is the most luckily to happen and 10 has small chances to appear.

The main risks which we should consider are:

### Target market - 3

There is a threat that our concept of organic and healthy product – snails, will not be accepted. As consumption of organic products and leaving a healthy way of life is relatively new tendency our targeted audience may not be ready for buying our products. This also might happen because of poor awareness of product qualities.

### Reputational - 9

The risk of loss of confidence from employees can happen. In case the project implementation will be postponed employees may lose the faith into its success.

What is the more, there is a risk of damage to the reputation of the company exists. Starting differentiated marketing strategy, may have negative influence on company's prior business – retailing printers and toners. This can create negative image in the eyes of customers of both markets.

### Procedural - 4

This is risks associated loss of productivity. Even if we implement right technique of snails farming, we can miscalculate, for instance, particular features of environment where our farm is located. This can lead to decrease of estimated level of production.

### Project - 2

This risk concerns possible long-term delays. In case one of the primary steps will be postponed for reasons, which can't be influenced. For example, lack of farms we can effort to pay for. Breeding materials will not be delivered on time, or even worth not delivered at all.

### Human factor - 6

There may be a risk of miscalculations done by the person who was preparing project of market entry and strategy suitable for company.

Any possible mistakes that employees can make while analyzing market or participating in snails farming process.

Financial - 6

This risk includes everything that has to do with the financial health of the project of entering market and company ABC.

Technical - 3

This has to do with failed technology of snails harvesting. Even if we analyzed all possible techniques of snails farming, we are not protected from to the fact that this risk may occur.

Natural – 3

Threats from weather belong to this group. As we are intending to make and open farm, there is a risk that our snails will be damaged by predators.

One more possible risk is natural disasters which can unexpectedly come.

Political – 5

These risks mean changes in government policy regulating farming sector. Or some negative changes concerning organic legislation will appear.

*Table 9 List of possible risks and their rate*

<b>Type of risk</b>	<b>Rate</b>
Project	2
Target market	3
Technical	3
Procedural	4
Political	5
Human factor	6
Financial	6
Natural	7
Reputational	9

According to the table above there are 9 potential risks that can influence implementation of our project. Risk that are likely to appear: project risks, target market risk and technical risk.



For company ABC it is very important to identify possible risks on the early stages of market entry. This can help to be prepared in case risks occur and to have a plan of actions in this case. At the moment, there is a great threat of project risk to appear. After couple months of search, company still can't find appropriate land or farm to rent to start breeding snails. In case this situation continues company will have to postpone project launch for 5 month.

### 12.3 Time analysis of project

The method which company has chosen for breeding animals is seasonal. That is why calculating the duration of project is important. The initial planning phase took some time of thinking about possibilities of project. After this phase I am ready to present many valuable results. The following stages of project are represented above in the table.

*Table 10 Time plan of project of market entry*

<b>Activity</b>	<b>Activity description</b>	<b>Duration (days)</b>	<b>Prior activity</b>
A	Comprehensive potential market research	7	-
B	Creating potential customers database	10	A
C	Receiving registration from Czech Ministry on agriculture.	10	B
D	Completing pre-farming activities on the land	14	C
E	Ordering and receiving breeding mate	3	D, C
F	Placing snails on the farm	1	E
G	Snails mating period	25	F
H	Snails eggs laying	21	G
I	Period of snails hatching from the eggs	7	
J	Snails growing	120	
K	Quality control	4	F, G, H, I, J
L	Accepting orders	2	I, J
M	Gathering and processing snails	3	J, K
N	Transportation to the customers	1	M

Finally we get the clear idea of duration of project of snails farming and supplying it on the Czech market. This process includes 14 main stages and lasts for 228 days. It

is 7 months and 2 weeks. As I have mentioned, organic breeding of snails is seasonal process. It is important to remember that during winter time snail hibernate from 4 to 6 month. That is why it's better to start project I early spring, otherwise we have to add to estimated time 5 month (average between 4 and 6). And so duration of project will increase up to 378 days.

Some activities absolutely depend on previous ones and can't be started until the first are accomplished. Thus

## **CONCLUSION**

Development and preparation project of market entry for the company requires much effort. Comprehensive analysis of current market situation, market potential, market potential, possible competitors, opportunities and risks is crucial for successful accomplishment of this task.

In this thesis work my analytical part was a proposal of the project of market entry for company ABC. The results which I obtained from this work help a Company ABC to realize this project.

The Company ABC is planning to diversify its business and invest into a new market. Market of snails was chosen. At the beginning it seemed to be a difficult task, company ABC initially is performing on the market of printers and toners, which absolutely does not have any relation to farming snails.

Results of research of snails market in Czech Republic had shown the main selling items are edible species of helix, snail caviar, snail shells and decorative snails. Snail meat is very useful, because it consists mostly of proteins and has a wide range of important and beneficial elements. There is a widely spread opinion that snail meat is something very expensive, exclusive and sophisticated. I offered company to gain niche market of snail farming – organic snail farming.

Main idea of positioning this product is making organic and healthy meat of snail affordable for everyone and to destroy a stereotype about snails. Three main groups of potential customers were allocated during preparation of this project. Company is advised to sell its potential new product to big supermarket chains, restaurants and organic shops all around Czech Republic. In such case the most suitable forms of sale snails are packaged fresh snails and packaged frozen meat of snails. As I part of marketing strategy proposal, I offered my ideas how advertising and promotion should be held.

The biggest problem which appeared was technological basis of breeding snails. It is important for company to save its organic principles and maximise productivity. As a part of solution of this problem, I advised managing board to consult with experts from International Institute of Heliciculture in Italy. Technological process of harvesting snails is directly connected with volumes of production, and as a result with company's profits.

What is more a made analysis of costs, possible risks and time of project. According to this analysis the costs of market entry was calculated. It requires 17 000 Euro and 228 to fulfil this project.

To conclude, I would like to say that snails farming and organic production consumption are upcoming trend all around the Europe. And Company has strong basis to use opportunities of this trends and gain benefits from it by implementing project of entry on market of snails farming in Czech Republic.

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