Executive summary

Refill City, established February 2006, is a company which specializes in the refill of ink cartridges. Not only do they offer ink cartridge refills to their consumers, but they also have their own cartridges that can be purchased. Nowadays they are a growing company, but they have not exported yet. The objective of this paper is to advise Refill City on what the new market is and in which ways the company enters the Romanian market.

Firstly, the paper describes the company mission statement, its goals and objectives. The mission of Refill City is to open more stores within the next three years. The company offers high quality ink cartridges for sharp prices. To accomplish the mission, Refill City set goals to enter the Romanian market and will create acquaintance with the high-quality products and services it offers. In addition, the organization structure, international strategy, product definition, market definition and the internal analysis of the company are described.

The internal analysis shows that the company has reached a good level. The comparative advantages are product quality, brand and image, service, management, production and price. Refill City offers high quality for sharp prices, which is rare. The employees are very committed; they have a high knowledge of the products and the satisfaction is highly valued. The financial figures have been good, but they have been susceptible to the financial crisis which is going on right now. Promotion is very little, which can be seen as a weakness for Refill City.

The external analysis commences with the branch analysis, followed by the consumer analysis, competition analysis and distribution analysis. The findings of the internal and external analysis are summarized in the SWOT analysis, followed by the confrontation matrix. The confrontation matrix not only shows the key weaknesses and threats, but it also suggests strategies to solve this.

In the marketing-mix, various marketing tactics are recommended in terms of 8 Ps – product, promotion, price, place (distribution), personnel and organization, problem solutions, process and physical evidence. The main features and main functions of the product are examples of this marketing mix. Promotion is also an important factor. Refill City plans to promote itself using a variety of channels, such as advertising, flyers and the website.

In the last few chapters, delivery terms, payment terms and several scenarios are provided to complete this export policy plan. Additionally, the conclusion and recommendations at the end of this report concludes the whole research findings of the writer.
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Introduction

Ink cartridges from Refill City are recently introduced on the market. In the last few years, the supply and demand increased significantly, that the opportunities for Refill City are growing, not only nationally, but also internationally. The company has strict regulations, they only want the highest quality for cartridges and uses old methods to do so. The production and distribution stays within the company, as long as there is excellence and competence.

Central question

Is it possible for Refill City to export to Romania?

To answer this question completely, I will make use of the following sub questions:

Sub questions

- What are Refill City’s strengths, weaknesses, opportunities and threats?
- Who are Refill City’s competitors and how will Refill City position itself among them?
- How can the company segment the market and which market segment should Refill City target?
- What strategy should Refill City follow when entering the Romanian market?

Research methods

I will make use of primary and secondary research. I will communicate with the EVD and maybe with Fenedex to gain information about Romania. Also, I will carry out an inquiry for the Romanian consumer.

Objective of the research

- To carry out an Internal and External analysis for Refill City;
- To find out what the market situation is in Romania;
- To analyze the SWOT and confrontation matrix.
1.1 Company description

Refill City, established February 2006, is a one-man business which specializes in the refill of ink cartridges. Not only do they offer ink cartridge refills to their consumers, but they also have their own cartridges that can be purchased. Nowadays they are a growing company, but they have not exported yet. Even though they do want to export to a European country, they do not know if there is a possibility to do so.

1.2 Facts

<table>
<thead>
<tr>
<th>Name of the company</th>
<th>Refill City</th>
</tr>
</thead>
</table>
| Address             | Willemstraat 28  
|                     | 2282 CC Rijswijk |
| Telephone           | +31 (0) 70 303 07 05 |
| Fax                 | +31 (0) 70 303 07 06 |
| Website             | http://www.refillcity.nl/ |
| Juridical structure | Ltd. (private company) |
| Name of the owner   | R. Mangkoewihardjo |
| Established         | 28-06-2006 |
| Type of company     | Company which sells ink (cartridges) |

Table 1-1: company facts, date from Refill City. www.refillcity.nl

1.3 Mission statement

“Opening more stores within the next three years”

The image of Refill City at this time in reality is first-class. This reputation was accomplished through high-quality product, and sharp prices. By exporting this company will try to foresee the demand of ink cartridges. In my opinion, a reason to export is the expansion and the development of the market. Refill City has an existing product that is going to be introduced on a new market.
1.4 Goals

- Obtain a part of the market share in Romania;
- To keep producing products authentically;
- Enlarge the current product range.

1.5 Organization structure

Refill City is a small company with 4 employees. Most of them have multiple tasks. They are working in the production department, but they can also be found in the sales department. The entire production of the company is done traditionally with hardly any machinery intervention. The organizational structure of Refill City can be divided into 3 sectors: production, financial and sales.

![Organization structure diagram](image)

*Figure 1-1: Refill City company structure*
1.6 International strategy

Romania is the best country to export to for Refill City. They do not have any experience in exporting, but they do seek a comparable marketing strategy when exporting to this country.

1.6.1 General Aim

The strategy for Romania is to ensure the cartridges get distributed in ink shops, department stores and electronic stores.

1.6.2 General Strategic Point

When the product has been successfully been introduced on the Romanian market, Refill City will continue to produce and ship the product. The desire is that the production remains under the vision of the company itself even when they expand to foreign markets.

1.6.3 General Marketing Planning

The international marketing strategy for Romania is to introduce the ink cartridges through ink shops, department stores and electronic stores. This strategy has potential to be successful. In order to help product promotion there will be a Romanian description available soon.

How to expand?

- To seek a practical entry strategy for ink cartridges into the Romanian market;
- Establish good contact relations with companies such as electronic stores and department stores;
- Seek proper business partners at popular places.

![Ansoff Matrix](image)

*Figure 1-2: Ansoff Matrix*
1.7  Product definition

Refill City is looking for possibilities for the cartridges they have. Even though they offer original cartridges (such as HP and Brother), they also make their own cartridges. They have used small environmentally friendly packaging and the product fits in almost every printer.

1.7.1  Core product

The main function of all Refill City’s products is ‘social consumption’. When the consumer prints documents, they need to have cartridges, otherwise it will not be possible to do anything. Purchasing cartridges is a conscious decision because they can choose between several companies. (Potential) customers appreciate the packaging and the modern emission of the product of Refill City.

1.7.2  Tangible product

The tangible product is what an item represents and communicates to its customers. Ink cartridges symbolize 3 main features: quality, user friendly and distinctiveness.

1.7.3  Augmented product

The augmented product includes the non-realistic benefits and services that attract the client to the cartridges. The cartridges can only be bought in stores of Refill City.
### The assortment

<table>
<thead>
<tr>
<th>Memory</th>
<th>Toner cartridges</th>
<th>Ink cartridges</th>
<th>Cleaning cartridges</th>
</tr>
</thead>
<tbody>
<tr>
<td>SD-card</td>
<td>Apple</td>
<td>Brother compatible</td>
<td>Canon</td>
</tr>
<tr>
<td>USB-stick</td>
<td>Brother</td>
<td>Canon compatible</td>
<td>Chip resetters</td>
</tr>
<tr>
<td>XD-card</td>
<td>Canon</td>
<td>Canon original</td>
<td>Epson</td>
</tr>
<tr>
<td></td>
<td>Dell</td>
<td>Dell</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Inkjet refill kits</th>
<th>Epson</th>
<th>Epson compatible</th>
<th>Inkjet / photo paper</th>
</tr>
</thead>
<tbody>
<tr>
<td>Canon</td>
<td>Hewlett Packard</td>
<td>Epson original</td>
<td>Print paper</td>
</tr>
<tr>
<td>Epson</td>
<td>Ibm</td>
<td>Hitachi</td>
<td>Glossy photo</td>
</tr>
<tr>
<td>HP</td>
<td>Kyocera</td>
<td>HP compatible</td>
<td></td>
</tr>
<tr>
<td>Lexmark</td>
<td>Lexmark</td>
<td>HP original</td>
<td>Resetters</td>
</tr>
<tr>
<td>Refill City</td>
<td>Minolta</td>
<td>Lexmark compatible</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Nashua</td>
<td>Lexmark original</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Printers</th>
<th>Oki</th>
<th>Okijet</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brother</td>
<td>Panasonic</td>
<td>Philips</td>
</tr>
<tr>
<td>Canon</td>
<td>Qms</td>
<td>Refill City</td>
</tr>
<tr>
<td>HP</td>
<td>Ricoh</td>
<td>Samsung</td>
</tr>
<tr>
<td>Samsung</td>
<td>Sagem</td>
<td>Sharp</td>
</tr>
<tr>
<td>Tektronix</td>
<td>Xerox</td>
<td></td>
</tr>
<tr>
<td>Toshiba</td>
<td>Olivetti</td>
<td></td>
</tr>
<tr>
<td>Xerox</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Table 1-2: the assortment of Refill City, data from Refill City. [www.refillcity.nl](http://www.refillcity.nl)*
1.8 Market definition

It is almost impossible for Refill City to focus itself on all customers in Romania. They are too numerous and diverse in buying demands. The main objective of this chapter is to identify Refill City’s market segments, its targets, positioning and strategy.

1.8.1 Market segments

To divide the current market into different groups, it is practical to start with an effective market segmentation. In this section, the consumer market of Refill City is segmented in terms of variables, such as demographic, geographic, behavioral and psychographic factors.

**Demographic**

In the demographic segmentation, the market is divided by age, family size, family life cycle, household income, occupation and education. All divided classes of this segmentation are illustrated in table 1-3.

<table>
<thead>
<tr>
<th>Demographic variables</th>
<th>Divided classes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age</td>
<td>20 – 34</td>
</tr>
<tr>
<td></td>
<td>35-49</td>
</tr>
<tr>
<td>Family size</td>
<td>3-4</td>
</tr>
<tr>
<td>Family life cycle</td>
<td>Young and married with</td>
</tr>
<tr>
<td>Household income</td>
<td>35,000 – 75,000 Euro per year</td>
</tr>
<tr>
<td>Occupation</td>
<td>Students</td>
</tr>
<tr>
<td></td>
<td>Employees</td>
</tr>
<tr>
<td></td>
<td>Managers</td>
</tr>
<tr>
<td>Education</td>
<td>Some college</td>
</tr>
<tr>
<td></td>
<td>College graduate</td>
</tr>
<tr>
<td></td>
<td>Advanced degree</td>
</tr>
</tbody>
</table>

*Table 1-3: division of demographic segmentation*
Refill City’s target customers are college-educated people, between 20 and 49 year-old and have a middle-level household income (between 35,000 and 75,000 Euro per year). The family consists about three or four persons and most of them are young and married with. They are either students, employees or managers.

**Geographic**

Geographic segmentation divides a population into homogeneous groups based on location.\(^1\) All variables and classes are illustrated in table 1-4.

<table>
<thead>
<tr>
<th>Geographic variables</th>
<th>Divided classes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Metropolitan statistical areas</td>
<td>1,000,000 – 5,000,000</td>
</tr>
<tr>
<td></td>
<td>&gt; 5,000,000</td>
</tr>
<tr>
<td>Density</td>
<td>Urban</td>
</tr>
</tbody>
</table>

*Table 1-4: division of geographic segmentation*

Refill City will focus itself on areas with a population of 1,000,000 million or higher. This basically means that the density is urban. Targeting these areas is a wise choice for Refill City.

**Behavioral**

Buyers are divided into groups on the basis of their response to a product or service. To analyze the behavioral variables, for instance benefits, user status, usage rate, attitude and buyer-readiness stage.\(^2\)

- **Benefits**

Customers can be also be identified through the the benefits they are looking for. For an ink cartridge buyer, product quality, price and service are the regular apprehensions. After that, these benefits can be illustrated in three segments: *(1) first-class products and quality service; (2) low price; (3) and identified goods and consistent service.* The first and third benefits segments are of importance for Refill City.

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\(^1\) *Note. From “Market Definition is a Multi-Dimensional Process”, by M.W. Lodato, 2006, page 6*

\(^2\) *Note. From “Market Definition is a Multi-Dimensional Process”, by M.W. Lodato, 2006, page 7*
For Refill City, the user status is not that significant. Basically, customers can be potential users, first-time users or regular users. All of these customers are able to purchase ink cartridges and it does not matter what the user status is.

Usage rate
Refill City is focusing on customers which are regular users. People who do not use the computer on a regular basis, will barely purchase ink cartridges.

Attitude
There are four attitudes that can be found in the market: positive, enthusiastic, interested and doubtful. The tasks of Refill City are to improve the positive customers into enthusiastic, to make enthusiastic customers become loyal and regular buyers, to make the people enthusiastic which are simply interested in the product and to change the doubtfulness of the customers in a positive way.

Buyer-readiness stage
The readiness stage of the buyers are as follows: interested, eager and intending to buy. Certainly, the buyer readiness stage can also mean unawareness, some awareness and some knowledge, but in the current market, people who are interested, eager and intending to buy are the main focus for Refill City.

Psychographic
According to Michael W. Lodato psychographic segmentation divides a population into homogeneous groups on the basis of behavioral and lifestyle profiles developed by analyzing consumer activities, opinions, and interests. 

On the whole, people’s lifestyle can be identified as IT-oriented, culture-oriented, sport-oriented and business-oriented. Despite of the lifestyle, some groups of people possibly will share preferences. Refill City defines its customers who show interest in IT and who show interest in business. To put it another words, the IT-oriented and business-oriented lifestyle is essential for Refill City to identify the market.

---

3 Note. From “Market Definition is a Multi-Dimensional Process”, by M.W. Lodato, 2006, page 6
1.8.2 Market targeting

There are five different target-market strategies that could be followed. The following diagrams show examples of the five market selection patterns. \( (P = \text{Product}, S = \text{Segment}) \)

![Figure 1-3: five different target-market strategies](image)

The primary target-market strategy for Refill City is single segment. This is also known as a concentrated strategy. Not the entire market, only one market segment is served with one marketing mix. Refill City has only got one product and that is an ink cartridge. The main target market for Refill City is identified as Romanian college-educated people, between 20 and 49 year-old and have a middle-level household income (between 35,000 and 75,000 Euro per year). Also, the Romanian people who prefer a IT-oriented and business-oriented lifestyle can also be classified as the target customers of Refill City. The single segment strategy is a good choice for Refill City, because it is a small company with limited resources.

Nevertheless, another strategy for Refill City could be individual marketing. Thanks to advances in technology, individual marketing is increasing. This is based on an individual consumer basis and could be a good strategy for Refill City as well.

1.8.3 Positioning

The value proposition of Refill City can be found in figure 3-3. The value proposition of Refill City can be concluded as “first class products, with quality service for IT- and business-oriented people”.

![Figure 1-4: value proposition of Refill City](image)
1.9 Internal analysis
1.9.1 Balance Score Card (BSC)

<table>
<thead>
<tr>
<th>Internal factors</th>
<th>1 (weak)</th>
<th>2</th>
<th>3</th>
<th>4 (strong)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brand and image</td>
<td></td>
<td></td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Management (motivation / knowledge)</td>
<td></td>
<td></td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Finance</td>
<td></td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Service</td>
<td></td>
<td></td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Production</td>
<td></td>
<td></td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>R&amp;D</td>
<td></td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Segmentation</td>
<td></td>
<td></td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Quality</td>
<td></td>
<td></td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Promotion</td>
<td></td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Price</td>
<td></td>
<td></td>
<td></td>
<td>X</td>
</tr>
</tbody>
</table>

*Table 1-5: Balance Score Card (BSC)*
1.9.2 Conclusion Balance Score Card (BSC)

Refill City scores high on the Balance Score Card (this is the impression I get from the company). That leads me to the next question: “Has Refill City the potential to export?”

In my opinion it is possible. The internal analysis indicates that the company has reached a good level. This can improve and as a result of that, the sphere will improve too. The comparative advantages are product quality, brand and image, service, management, production and price. Refill City has good quality for a good price, which is rare. The employees are very committed; they have a high knowledge of the products and the satisfaction is highly valued. The financial figures have been good, but they have been susceptible to the financial crisis which is going on right now. The segmentation is not that high, because they are a relatively small company. Promotion is very little, they only have an advertisement in the Rijswijkse courant once per two weeks and they advertise on the website www.dvdlab.nl.

Overall, Refill City has the means and financial ability to export.
External analysis

The external analysis will consist of the following aspects

- **Branch analysis**: a brief summary of the (potential) country where Refill City is going to export to;
- **Consumer analysis**: why do intermediaries or clients purchase the product;
- **Competition analysis**: how does the product distinguish itself from other competitors;
  - Competitive advantage (Porter)
- **Distribution analysis**: what is the best approach when it comes to the distribution analysis?

2.1 Branch analysis

2.1.1 **Definitive country choice**

Whenever the three countries are compared, it can be concluded that there are many resemblances and differences. The differences between the three countries were used to make the final choice. Romania was chosen based on the following reasons:

- With a surface area of 238,391 square kilometer, Romania is the largest country in southeastern Europe and the twelfth-largest in Europe;
- In general it is said that it is easier to go to a market that is growing, then to go to a market that is already satisfied. The results indicate that Romania is still growing;
- Results have shown that the inflation is higher than the other two countries; (+7.80 %)
- The public debt of this country is not high when you compare it with the other two countries; (+14.60 %)
- Romania is number 1 in the top 5 new export destinations;
- The country is seen as one of the most important climbers within the European Union;
- Based on the country risks alone, Romania did not have a higher score than Belgium and Slovakia. However, when the resemblances and differences are included, Romania is selected in the final decision.

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*See appendix 1.1: Country selection model*
Since Refill City is looking for possibilities to export, it is important to discuss the whole hardcopy market, such as printers, copiers and PCs. According to the International Data Corporation (IDC), the Romanian hardcopy market had a total sales in USD of 1,022.16 million in 2005. The year-on-year growth was 18.6 percent. While hardware spending continues to dominate the market, the IT service market grew 20.5 percent over 2004 to 202.25 million USD, and the software market grew 17.3 percent to 145.94 million USD. In Romania there was a slight decline of 3.6 percent, this was due to a decrease in affordable inkjet shipments. The printer market recovered from this during the year 2005 and the volume growth stood at 11.8 percent and the value growth was 30.1 percent. The desktop monochrome laser printers had an 89 percent year-on-year volume growth, where the color laser equipment boosted the market with 101.6 percent.\(^5\)

For 2007 The Romanian market of printers, copiers and multifunctional products had a 55 percent annual increase, which meant almost 66 million USD. In view of the fact that Romania is part of the European Union, a lot of new investments have been made, which has been positive for this country. Also, factors such as economic growth and increase in consumers’ spending helped with the enlargement of the market.\(^6\)

There are three main players in Romania and those are HP, Epson and Canon. Altogether they represented approximately 82 percent of the sales. With an increase in volume of almost 40 percent, the total was 230,000 units.\(^7\)

Research of the international Data Corporation (IDC) indicated the following:

- The multifunctional products sales represented 68.2 percent;
- Printers increased only 5.5 percent;
- The boost of copiers was 50 percent, but that was 0.5 percent of the total market;
- Inkjet printers still dominate the market (71.2 percent of sales).

The expectations of the coming years is for the hardcopy peripheral market to have a Compound Annual Growth Rate (CAGR) of 6.3 percent in units and 5 percent in value. IDC believes that single function copiers will practically disappear from the market and will account for only 0.3 percent of total hardcopy market in 2010. Single function printer shipments are expected to decline at a CAGR of 0.3 percent during the five-year forecast period. From the technology aspect, total laser peripherals will increase at a CAGR of 12.4 percent, while inks will exhibit a CAGR of 16.1 percent.\(^8\)

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\(^5\) Note. From “IT-market in Romania”, by L. Popescu, 2005, page 214
\(^6\) Note. From “Printers market 2008 versus 2007”, by S. Popescu, 2009
\(^7\) Note. From “Romanian hardcopy market sees sales up in 55 in Q4”, by Newsin, 2009
\(^8\) Note. From “IT-market in Romania”, by L. Popescu, 2005, page 215-216
The market is still far from being saturated, which makes it interesting to invest in. Over the last two years, the Romanian market has been one of the fastest growing in the whole Central and Eastern European region.⁹ Despite the economic crisis, the Romanian market may currently represent a possibility for IT providers because of serious investment plans and the invitation to IT loving by the government and public administration.

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⁹ *Note. From “IT Market in Romania 2009 - Development Forecast for 2009-2013”, by P. Olszynka*
2.1.2 Five competitive forces (Michael E. Porter)

Porter five forces analysis is designed for the industry analysis and business strategy development by Michael E. Porter. By discussing the five forces, the branch structure in which Refill City operates will be shown.

1. Bargaining power of customers +
   The bargaining power of customers is strong, because the Romanian customer can choose between different brands of ink cartridges. Nevertheless, the role of quality and service are very important for the bargaining power and those are the two things where Refill City scores relatively high, even though the products are being standardized (so no differentiation).

2. Threat of new entrants +
   As mentioned before, the market is still very far from being saturated. This means that the treat of new entrants is high. It is likely for other (foreign) companies to launch the same product on the Romanian market.

3. Bargaining power of suppliers + / -
   Refill City produces it own ink and therefore the bargaining power of suppliers is not relevant.
   The company strives for having a good relationship with their customers / stores, such as ink shops, department stores, warehouses and photo services.

4. Threat of substitute products +
   The threat of substitute products is relatively strong, because there are companies which offer the same products. For Refill City it is important that they keep their target group interested, otherwise the customers will purchase the ink cartridges elsewhere. The company offers high-quality ink cartridges for a good price. If they maintain this price, quality and service, they will have the attention of the customers.

5. Competitive rivalry within the industry -
   Currently Refill City is not facing competitive rivalry within the industry. There are only a few equally sized competitors (or even smaller). However, the total number of ink shops is larger. Companies such as HP, Canon and Brother can be found all over the country and are the market leaders. They represent 82 percent of the sales, so the competitive rivalry within the industry is not that strong for Refill City, because there are only larger companies.
2.2 Consumer analysis

The consumer analysis will determine the potential market for the ink cartridges of Refill City and what the best way is to enter the Romanian market. In order to successfully export this product to Romania, the consumer’s needs must be determined. I created an inquiry for the consumers with 11 questions. The results indicated that 48 consumers filled out the survey and the conclusion is as follows:10

- 69 percent of the consumers were of the age 20-34;
- 49 percent knows the company Refill City, but 51 percent does not know it at all;
- 46 percent are light users and 50 percent are medium users;
- A considerately 90 percent is middle class;
- 61 percent believes that price, quality and service are extremely important for purchasing ink cartridges;
- 41 percent of the consumers are very loyal (2) and 31 percent are in the middle (3);
- 57 percent is unaware that the product even exists;
- 92 percent believes that the ink cartridges are sold for a good price;
- 27 percent believes that the packaging is ‘very good’ and 56 percent thinks that the packaging is ‘good’;
- 42 percent will purchase the ink cartridges at the ink shop, 28 percent at the department stores, 26 percent at the electronic stores and 4 percent at the photo services.

---

10 See appendix 6.2: custom inquiry
By answering five questions Refill City will get a better idea of the market they operate.

1. **What is the best way to approach the segments?**
   Most of the people live in Bucharest, so that area is a good region to introduce the ink cartridges. Refill City will promote their products in department stores, ink shops and electronic stores through personal selling. They will start with giving free product samples to show people that they are going to sell high-quality cartridges for a good price. The survey indicated that the consumers will not purchase the ink cartridges at the photo services. Only 4 percent says that they will purchase the ink cartridges at the photo services.

2. **What could be a reason for not buying ink cartridges from Refill City?**
   A reason for not buying ink cartridges is that the consumers are unaware that the product even exists. 57 percent do not know that Refill City is selling these products. Acquaintance could also be the problem, because the inhabitants are not familiar with Refill City. Other reasons could be loyalty towards other products (12 %) or a high price (14 %).

3. **What are the reasons to buy ink cartridges from this company?**
   Quality, service and price. As the demand for ink cartridges is increasing, people will continue to consider pricing. Refill City has good quality for an excellent price. So why would people pay more if they could have better quality for less money? The survey indicated that the consumers find it extremely important that the company has a good quality, service and price.

4. **Who are the potential customers?**
   Refill City’s target customers are college-educated people, between 20 and 49 year-old and have a middle-level household income (between 35,000 and 75,000 Euro per year). The family consists about three or four persons and most of them are young and married with. They are either students, employees or managers. There are four attitudes that can be found in the market: positive, enthusiastic, interested and doubtful. The tasks of Refill City are to improve the positive customers into enthusiastic, to make enthusiastic customers become loyal and regular buyers, to make the people enthusiastic which are simply interested in the product and to change the doubtfulness of the customers in a positive way.

5. **Where do people buy the product of Refill City?**
   As mentioned before, Refill City will start introducing their product in department stores, ink shops, and electronic stores.
2.3 Competition analysis

Through the multiattribute attitude model the competition analysis will be carried out. The model represents the value that the customer has for a product. Criteria such as price, quality, promotion and service will be used in this model. Each criteria will be given a score, so it will be easy to see where Refill City stands on the Romanian market.

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Weight</th>
<th>Competitors</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1 to 4 (from weak to strong)</td>
<td>Refill City</td>
<td>Fabi Comimpex 95</td>
</tr>
<tr>
<td>Price</td>
<td>8</td>
<td>4x8</td>
<td>3x8</td>
</tr>
<tr>
<td>Quality</td>
<td>7</td>
<td>3x7</td>
<td>3x7</td>
</tr>
<tr>
<td>Packing</td>
<td>4</td>
<td>3x4</td>
<td>3x4</td>
</tr>
<tr>
<td>Brand and image</td>
<td>6</td>
<td>1x6</td>
<td>2x6</td>
</tr>
<tr>
<td>Associated products</td>
<td>2</td>
<td>2x2</td>
<td>2x2</td>
</tr>
<tr>
<td>Distance</td>
<td>1</td>
<td>3x1</td>
<td>3x1</td>
</tr>
<tr>
<td>Promotion</td>
<td>3</td>
<td>2x3</td>
<td>2x3</td>
</tr>
<tr>
<td>Service</td>
<td>5</td>
<td>4x5</td>
<td>3x5</td>
</tr>
<tr>
<td><strong>Total score</strong></td>
<td></td>
<td><strong>104</strong></td>
<td><strong>97</strong></td>
</tr>
</tbody>
</table>

* The weight is 1 to 4 (whereas 1 stands for weak and 4 for strong) and the criteria is weighted 1 to 8 (whereas 1 stands for weak and 8 for strong)

Table 2-1: Competition analysis
2.3.1 Conclusion competition analysis

As the table shows, Refill City is the strongest based on the competition analysis. Ink Shop International is the only company that offers ink cartridges without having other products. L & M Team Trade and Fabi Comimpex 95 are offering these products in a small quantity. That is why both the service and quality is less than what Refill City and Ink Shop International are selling. Nevertheless, the three competitors have a good reputation, whereas Refill City is new to the Romanian market. So in the next few years, the company needs to work on their reputation, but by having high-quality cartridges, this will not be a problem.

2.3.2 Competitive advantage

Porter’s Generic Competitive Strategies (showed in figure 1-5) can be used to identify the competitive advantage that Refill City could get by making use of this strategy.

![Figure 3-1: Porter’s Generic Competitive Strategies](image)

The best approach for Refill City is the focus strategy (differentiation). The needs of the target groups can be better serviced by focusing completely on it. The result of having a focus strategy is that Refill City will enjoy the high degree of customer loyalty and therefore, other companies will be dispirited from competing directly. Companies that are following a focus strategy have lower volumes, because of the narrow market focus, which means that there is less bargaining power with the suppliers. By having a focus strategy based on differentiation, the company could be able to pass higher costs on to the customers, since there are hardly any substitute products. There are risks of the focus strategy and that could be imitation and changes in the target segments.

Nevertheless, the focus strategy based on differentiation is the best option for Refill City.
2.4 Distribution analysis

Refill City has the possibility to, despite of the size of the company and the products, choose a good distribution channel to enter the Romanian market. Every distribution channel will be given points and will get an explanation as to why they receive those points.

<table>
<thead>
<tr>
<th>Distribution Channel</th>
<th>Points</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Agent</strong></td>
<td>9</td>
<td>I will give the agent the highest score and that is 9 points. An agent only mediates between two parties. Refill City can make their own decisions. Agents have a lot of knowledge, which makes indirect export a lot more interesting.</td>
</tr>
<tr>
<td><strong>Importer / distributor</strong></td>
<td>8</td>
<td>The importer will get 8 points. The distributor purchases all the products at their own risk and needs to find a good distribution channel to get the products to the clients.</td>
</tr>
<tr>
<td><strong>E-commerce</strong></td>
<td>7</td>
<td>E-commerce is very useful for Refill city, because there will be direct contact with clients without the use of intermediaries. The customer intimacy will be better, which Refill City values on. The manufacturer can use the Internet to inform clients about certain products. Whenever clients decide to purchase this product, they can easily order it on the website. E-commerce will get 7 points.</td>
</tr>
<tr>
<td><strong>Franchising</strong></td>
<td>6</td>
<td>Franchising will get 6 points. There are advantages but also disadvantages: because both parties will use their strongest points, the result will be greater. The franchiser will be independent, but does not have to do everything by himself. Part of the tasks he normally needs to do, are taken out of his hands, especially from the beginning. The franchiser can have the knowledge, but he also can hire specialized people to do it for him. The customer recognizes the formula, they will get stimulated to purchase the product by the emission and trade mark.</td>
</tr>
<tr>
<td><strong>Licensing</strong></td>
<td>5</td>
<td>Licensing will get 5 points. In my opinion, the distribution channel licensing is not common. Despite the fact that it is pretty easy to have another company that will make your product on your conditions, Refill City is not in control. There is no surveillance which can make it difficult to monitor whether the conditions are being respected. Refill City is making the products on their own and should continue to in order to maintain their high quality control standards.</td>
</tr>
<tr>
<td>Distribution Channel</td>
<td>Description</td>
<td></td>
</tr>
<tr>
<td>----------------------</td>
<td>-------------</td>
<td></td>
</tr>
<tr>
<td>Wholesale trade</td>
<td>This will get 4 points. Despite the fact that the wholesale trade has a high knowledge of the market, they decide where the products are being sold. This is a disadvantage for Refill City, because they will not have any participation in this decision.</td>
<td></td>
</tr>
<tr>
<td>Joint-selling</td>
<td>Joint-selling will get 3 points. A big disadvantage is that both parties are working together and that does not always work. Refill City wants to export on its own, because there could be disagreements working with other parties.</td>
<td></td>
</tr>
<tr>
<td>Joint-venture</td>
<td>A joint venture is a strategic alliance between two or more individuals or entities to engage in a specific project or task. The important advantage is that a joint-venture can provide companies with the opportunity to gain new capacity and expertise. The disadvantage is that it takes time and effort to build a good relationship and different cultures can result in poor integration and co-operation. The joint-venture will get 2 points, because there are more disadvantages then advantages. As previously discussed, Refill City prefers to make their own decisions.</td>
<td></td>
</tr>
<tr>
<td>Piggy back (Skippy)</td>
<td>I think it is unusual to use this kind of distribution channel for Refill City. As mentioned before, they want to be in control and they want to export on their own. The company needs to use other distribution channels instead of the Piggy back. It does not always mean that you are successful when you use the reputation of the other company. Because of this, the Piggy back will get 1 point.</td>
<td></td>
</tr>
</tbody>
</table>
The winner is the agent. I compared the advantages and disadvantages and came to the conclusion that the use of an agent is the most common for Refill City.

2.4.1 Conditions of a good agent

- Strong knowledge of the market;
- Strong knowledge of (potential) clients (the agent has a record of clients and knows the market);
- Strong knowledge of the product and possibilities;
- Strong knowledge of the competitors and developments within the market.

2.4.2 Possible agent in Romania

The Kompass System listed all the companies worldwide which participates in business to business commerce. Through several criteria (such as product information, country, etcetera) a company can be easily found in the potential export country. This database contains almost 1.8 million companies which is why it is appropriate to use it for this thesis.\(^{11}\)

Chemco Trade is the best agent for Refill City. The Kompass Database says the following:

“The agent represents Romania as an exclusive agent and distributor, including some of the worldwide leading suppliers of raw materials, equipment and testing instruments, tinting and mixing equipment, complete range of processing equipment and installation, especially for paints, plastics and printing inks and other industries, such as: synthetic fibers, pharmaceuticals, cosmetics, food, paper, ceramics, building and construction, wood treatment, furniture, adhesives.”\(^{12}\)

<table>
<thead>
<tr>
<th>Agent</th>
<th>Chemco Trade</th>
</tr>
</thead>
<tbody>
<tr>
<td>Address</td>
<td>Bd. Decebal Nr.1 Bl.H2 Sc4 Ap.87-90 Bucuresti-3, Romania</td>
</tr>
<tr>
<td>Telephone</td>
<td>+21 3204470</td>
</tr>
<tr>
<td>Fax</td>
<td>+21 3201775</td>
</tr>
<tr>
<td>Website</td>
<td><a href="http://www.chemco.ro">http://www.chemco.ro</a></td>
</tr>
</tbody>
</table>

Table 2-2: possible agent in Romania, data from Kompass Database. www.kompass.com

---

\(^{11}\) See appendix 7: Kompass Database

\(^{12}\) Note. Quotation from the Kompass Database.
3.1 SWOT

<table>
<thead>
<tr>
<th>Strengths</th>
<th>Weaknesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>S1</td>
<td>W1</td>
</tr>
<tr>
<td>Strong image and brand</td>
<td>Small company (financial)</td>
</tr>
<tr>
<td>S2</td>
<td>W2</td>
</tr>
<tr>
<td>Innovative product</td>
<td>Poor access to distribution</td>
</tr>
<tr>
<td>S3</td>
<td>W3</td>
</tr>
<tr>
<td>Knowledge of employees</td>
<td>Lack of marketing expertise</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Opportunities</th>
<th>Threats</th>
</tr>
</thead>
<tbody>
<tr>
<td>O1</td>
<td>T1</td>
</tr>
<tr>
<td>Growing IT-market</td>
<td>No acquaintance</td>
</tr>
<tr>
<td>O2</td>
<td>T2</td>
</tr>
<tr>
<td>Product development</td>
<td>Intense price competition</td>
</tr>
<tr>
<td>O3</td>
<td>T3</td>
</tr>
<tr>
<td>Few competitors on the market</td>
<td>Customer loyalty</td>
</tr>
</tbody>
</table>

Table 3-1: SWOT analysis

3.1.1 Conclusion SWOT analysis

The conclusion of the SWOT analysis is positive for Refill City. Even though the company has got a few weaknesses and threats, the Romanian market presents a lot of opportunities.

Refill City has a strong image and brand, an innovative product and the employees have got a lot of knowledge to offer the service the customer requires. The weaknesses for Refill City are (1) a small company (financial); (2) poor access to distribution; (3) and a lack of marketing expertise.

Regardless of that the Romanian IT-market is growing, there are only a few competitors on the market. Refill City has got no acquaintance, the company will face intense price competition and the loyalty of the customers can be seen as threats.

The confrontation matrix, which can be found in the following subchapter, determines Refill City’s current situation and suggests strategies for the strengths, weaknesses, opportunities and external threats.
## 3.3 Confrontation matrix

### SO-strategies

<table>
<thead>
<tr>
<th>SO1</th>
<th>By promoting brand and image the competition will decrease. (S1O3)</th>
</tr>
</thead>
<tbody>
<tr>
<td>SO2</td>
<td>Having more knowledge of the growing IT-market will influence the company on the market. (S3O1O3)</td>
</tr>
<tr>
<td>SO3</td>
<td>Product development and innovating the product will be the key to a good reputation. (S2O2)</td>
</tr>
</tbody>
</table>

### WO-strategies

<table>
<thead>
<tr>
<th>WO1</th>
<th>Since the IT market is growing, the company needs to have a good reputation</th>
</tr>
</thead>
<tbody>
<tr>
<td>WO2</td>
<td>Because of the lack of expertise and poor access to distribution, the use of an agent is vital. (W2W3O1)</td>
</tr>
</tbody>
</table>

### ST-strategies

<table>
<thead>
<tr>
<th>ST1</th>
<th>Promoting the products of Refill City will create acquaintance on the Romanian market. Since the IT-market is growing, Refill City needs to get well-known on the market (S1O1O2O3)</th>
</tr>
</thead>
<tbody>
<tr>
<td>ST2</td>
<td>It is all about service. Whenever there is a good service (this also means knowledge) and the products have a good price, the intense price competition will not be a problem. (S1S3T2)</td>
</tr>
</tbody>
</table>

### WT-strategies

<table>
<thead>
<tr>
<th>WT1</th>
<th>Good collaboration with ink shops, electronic stores and department stores generate product- and customer loyalty (W3T3)</th>
</tr>
</thead>
<tbody>
<tr>
<td>WT2</td>
<td>An agent knows the market, knows the market, so he can give Refill City the reputation in a foreign market. (W2W3T1)</td>
</tr>
<tr>
<td>WT3</td>
<td>Withdrawing from the Romanian market. (W1W2W3T1T2T3)</td>
</tr>
</tbody>
</table>

*Table 3-2: Confrontation matrix*
3.4 Market entry strategy

International companies need to decide on how much to adapt their marketing strategy when entering a new market. Based on the confrontation matrix, Refill City will have to look at the market entry strategy. There are several methods of international market entry:

- Exporting (directly or indirectly)
- Licensing
- Joint venture
- Offshore production

As mentioned in chapter 2.4 (distribution analysis), the best approach to enter the Romanian market is through indirect exporting. Therefore, it is vital to make use of an agent.

An agent only mediates between two parties, so Refill City can make their own decisions. The advantages are that the agent has a strong knowledge of the market, a strong knowledge of (potential) customers, a strong knowledge of the product and possibilities and final, a strong knowledge of the competitors and developments within the market.

As long as Refill City succeeds in this point, it will merge its position in the Romanian market.
4.1 Export marketing mix

Once a company has explored an export market, it needs to think about the marketing-mix for its products. The marketing mix consists out of 8 market factors:

4.1.1 Product

Figure 4-1: product

The products of Refill City do not have a specific name. They come in small boxes with the measurements of 4x4x4. The measurements of the small boxes are not always the same, because there is a diversity in printers. One can have a Canon printer, but someone else can have a Brother. Nevertheless, all the cartridges can be purchased in 4 different colors:

- Black
- Yellow
- Cyan
- Magenta

The cartridges are of high-quality and can only be purchased in stores of Refill City. When the company is ready to export, they will offer the products to ink shops, electronic stores, department stores and photo services. Refill City uses small environmentally friendly packaging and the product fits in almost every printer. The main function of all Refill City’s products is ‘social consumption’. Whenever the consumer prints documents, they need to have cartridges, otherwise it will not be possible to do anything. Purchasing cartridges is a conscious decision because they can choose between several companies. People appreciate the packing and the modern emission of the Refill City product. Ink cartridges symbolize 3 main features: quality, user friendly and distinctiveness.

4.1.2 Promotion

Promotion is vital for Refill City, since it has no name on the Romanian market. By having campaigns, the company strives to create a good reputation. The best way to do so, is that the clients are approached through personal selling. The Public Relations (PR) department needs to create a good collaboration with the potential clients of Refill City.

As mentioned before, Refill City is promoting the company through advertisement on the Dutch market and will continue doing so in the Romanian market. A good example for an offer is when the target groups buy four cartridges, they get one for free. With this offer, Refill City will create acquaintance on the Romanian market. Also, flyers are being distributed within the area.

The website of Refill City will also be a tool to promote the products. The employees will work on a Romanian text, so that the target groups can read it in their own language. In the top right corner flags will appear, so the consumer can chose their own language (such as Dutch, English and Romanian). The aim is not to sell through e-commerce, but it can be used as an important distribution channel.
4.1.3  Price

In the beginning Refill City will make use of a penetration strategy. This basically means that the products will appear on the Romanian market with a lower price than the eventual market price, to attract new customers. The expectation is that the customer will switch to the new product because of the lower price. When the demand grows, the prices will ascend, and fluctuate with offers, such as discounts. The price of the cartridges are 5.99 euro each. It is quite difficult to calculate the exact price for the cartridges, because the price varies within the printers. Customers can have an Epson, Canon or Brother printer, but the price varies from 5.99 euro. The price will not be the same, because the distribution promotion costs and the Incoterm D.D.U. (Delivery Duty Unpaid) must be included in the price also.

Nevertheless, Refill City is using the Incoterm D.D.U. (Delivery Duty Unpaid), which means that the company is responsible for everything except entry customs clearance and entry duties and taxes (see figure 5-1). As a result, the price is not affected by the entry duties and taxes. For the end price, the Value Added Tax (VAT) needs to be included as well, which is 19 percent. VAT is a consumption tax charged on any value that is added to a product.13

To conclude, the price of the cartridges will go up with 33.5 percent. 19 percent is the Value Added Tax and the other 14.5 percent consists of the Incoterm D.D.U. and the distribution promotion costs. When Refill City sells the cartridges for 5.99 euro, the price of the cartridges will be 7.99 euro each including the VAT, Incoterm D.D.U. and the distribution costs.

On the whole, it is still 12 percent lower than those of the competitors.

4.1.4  Place (distribution)

Refill City is going to make use of an agent to export indirectly. The agent only mediates between two parties, so the company stays in control. The place represents the location where a product can be purchased. Refill City is going to offer their products to retailers from ink shops, department stores and electronic stores. The aim is not to sell through e-commerce, but it can be used as an important distribution channel in the future.

4.1.5 Personnel and organization

A different country brings a different culture. It can be completely different with the Netherlands and Refill City is aware of that. There will be a lot of people with strong cultural backgrounds. The employees of Refill City need to undergo training before they start working in other cultures. With this training, they will get the knowledge about all of the products and how to offer service to people. Nevertheless, employees need to be motivated and specialized in certain areas, such as product development, Public Relations (PR) and Human Resources (HR). Refill City is also looking for native speakers. It is always better to speak in another foreign language, in this case Romanian, instead of English. As a result of this, the collaboration and communication will be much more effective.

4.1.6 Problem solutions

Juridical

Refill City is planning to employ a juridical expert. This person will make and edit the contracts. They will then be sent to the (potential) customers. A good juridical expert on export is: Mr. M.B.C. Elissen. She works at the organization Fenedex.

When Refill City has any questions about this area, they can contact her on the following:
- +31 (0)70-3305690 or by e-mail: marianne@fenedex.nl

Examples could be standard conditions, joint ventures or distribution agreements.¹⁴

Customs

In view of the fact that both countries are part of the European Union (EU), customs will not be an issue, because there is a free traffic of goods.

Financial

With the financial area the company gives information about the possibilities of finance, expense arrangements and an explanation about assurances and how they take care of the financial documents. The financial area represents the company’s operations. Refill City will need to answer many questions. How much can they spend, which expense arrangements do they have and how do they take care of their financial documents are the questions and Refill City will give all the answers.

¹⁴ Note. From “Contact us”, by Fenedex, 2009.
Logistic

Logistic is of great importance for Refill City. The discipline will give an important contribution to the service and the product. Nowadays, it is essential to have good logistics, because it will give the company a surplus value.

Refill City is also considering to be a member of Fenedex, the organization which can help the company whenever it has problems with export. The employees of Fenedex are knowledgeable regarding every aspect based on export and how they could help Refill City. This is accomplished by giving information and answering questions.

4.1.7 Process

This is the complete process of service and product support in conjunction with the employees. The result is that perception of the offer can be influenced and that is why Refill City believes that the following aspects are of great importance:

- Good communication skills within the company;
- Good service;
- When a customer inquires information, send it on time;
- No waiting time for customers;
- Employees must be motivated.

These are the essential aspects of creating a good reputation on the Romanian market. Refill City is always looking for improvements regarding the level of quality, flexibility and user friendly.

4.1.8 Physical evidence

Physical evidence is also significant for the marketing-mix. By ‘personalizing’ a service with the use of endorsements from celebrities, the consumers hesitation can vanish. Products can only be used if they are actually seen. Refill City will invite celebrities to use their product on their printers. With this, the company can receive feedback from celebrities for future improvements, while at the same time familiarizing the rest of the population with the product.
5.1 Delivery terms

There are four basic transportation possibilities: truck, air, sea and rail. The best method to transport to Romania would be by truck. Because of the growing IT-market Refill City needs to have a large number of ink cartridges, otherwise the company is not capable of handling the demand of the customers.

For these international commercial transactions Refill City will use the Incoterms. (see figure 5-1)

![Figure 5-1: Incoterms 2000](image)

There are 13 Incoterms which can be used for international commercial transactions. By seeing all the explanations of these Incoterms, Refill City is going to use the Incoterm DDU (Delivered Duty Unpaid). DDU includes the following agreements: (see table 5-1)

- DDU is for all transportation possibilities;
- The seller delivers the goods to the buyer to the named place of destination which states in the contract of sale (in this case Bucharest, Romania);
- The seller exports the products and will arrange any transit formalities;
- The buyer imports the goods;
- The buyer is responsible for the costs and risks for the unloading, duty and any subsequent delivery beyond the place of destination;
- There are no arrangements for insurances; Refill City will do this on their own;

<table>
<thead>
<tr>
<th>Table 5-1: agreements Incoterm DDU</th>
</tr>
</thead>
<tbody>
<tr>
<td>DDU is for all transportation possibilities;</td>
</tr>
<tr>
<td>The seller delivers the goods to the buyer to the named place of destination which states in the contract of sale (in this case Bucharest, Romania);</td>
</tr>
<tr>
<td>The seller exports the products and will arrange any transit formalities;</td>
</tr>
<tr>
<td>The buyer imports the goods;</td>
</tr>
<tr>
<td>The buyer is responsible for the costs and risks for the unloading, duty and any subsequent delivery beyond the place of destination;</td>
</tr>
<tr>
<td>There are no arrangements for insurances; Refill City will do this on their own;</td>
</tr>
</tbody>
</table>
5.2 Payment terms

The European Union (EU) has a great influence upon the regulations of Romania. Refill City has not done any business with the importer, so it is vital to use the documentary collection. 

When a company decides to use the documentary collection, they can choose between two terms of payment:

- Documents against Payment (D/P);
- Documents against Acceptance (D/A).

The Documents against Payment (D/P) is also referred as Cash against Documents / Cash on Delivery. It means that the exporter keeps control of the goods, until the importer pays. When the importer pays the bill, the collecting bank will give them the shipping documents including the Bill of Lading.

The Documents against Acceptance (D/A) is in favor of the importer. They can inspect the documents and when then once satisfied, he accepts the Bill of Payment. The exporter loses control of the products, because the importer takes the documents and clears the goods.

Refill City has not yet done any business with an importer, so to decrease the payment risk, they will use the Document against Payment (D/P). As mentioned before, Refill City keeps control of the goods until the importer pays.
6.1 Scenario

Will the product be successful on a foreign market? That is the question for every company when they bring their product on a new market. This chapter will consist of 3 scenarios:

- Pessimistic scenario;
- Optimistic scenario;
- The most likely scenario.

Below explanations of the different scenarios which can have an effect on the economic development in Romania can be found. The market is still far from being saturated, which makes it interesting to invest. Over the last two years, the Romanian market has been one of the fastest growing in the Central and Eastern European region. Despite the economic crisis, the Romanian market may currently represent a possibility for IT providers because of serious investment plans and the invitation to IT loving by the government and public administration.

6.1.1 Pessimistic scenario

The pessimistic scenario is that the product is not successful on the Romanian market. Refill City is going to look at the weak points of the product. There is always the possibility that the consumers are not interested in any offers that Refill City has for the ink cartridges. Consumers might find the product expensive or they are already trying other new products. By making improvements to the weak points, Refill City tries to gain back the confidence of the consumer.

This can be done by lowering product prices, which can result in an increase in curiosity from the potential consumers. When there is lots of demand, the competitors will enlarge too.

Another pessimistic scenario is that the economy growth in Romania could decrease. The average inhabitant will decide to spend a lot less money on ink cartridges, which will be dreadful for Refill City. When this happens, Refill City will invest more in campaigns and commercials, so that the consumers will continue to stay loyal to Refill City products.

Another approach could be changing the strategy to approach the Romanian market. Refill City is using the focus strategy (differentiation), but when the product is not successful on the Romanian market, Refill City could change the approach into a focus strategy based on low costs. This way, the competitors are eliminated, because the product prices of Refill City are very low, which makes direct competition with the company impractical.
6.1.2  Optimistic scenario
This is the opposite of the pessimistic scenario, which would be that the products of Refill City are successful on the Romanian market. The results of the promotion has been positive for the Romanian consumer. There is a high supply and demand, so the prices of the products can ascend. Obviously, Refill City needs to be careful, because when they ascend their prices, the competitors can increase too. With the optimistic scenario, the strategy to approach the Romanian market has been booming, so the company does not have to change their strategy.

6.1.3  The most likely scenario
This scenario is most likely for Refill City: the consumers are willing to buy the product. For the reason that there is a lot of promotion done by the company, consumers are getting to know the new brand on their market. There are only a few competitors, which makes it easier for the consumers: to purchase ink cartridges from Refill City.

Also, the market segments have been positive for Refill City, so the company does not have to change this. Besides, the strategy that Refill City is pursuing has been the best approach for the Romanian market, so I do not see any reasons why the company needs to change this.
6.2 Conclusion

In the beginning of this paper a selection of sub questions was created to answer the central question - *is it possible for Refill City to export to Romania?* In this chapter, answers to every sub question and the central question are summarized.

- What are Refill City’s strengths, weaknesses, opportunities and threats?
The answer can be found in section 3.1 – SWOT analysis and 3.2 – conclusion SWOT analysis. Refill City has a strong image and brand, an innovative product and the employees have got a lot of knowledge to offer the service the customer requires. The weaknesses for Refill City are (1) a small company (financial); (2) poor access to distribution; (3) and a lack of marketing expertise.

Regardless of that the Romanian IT-market is growing, there are only a few competitors on the market. Refill City has got no acquaintance, the company will face intense price competition and the loyalty of the customers can be seen as threats.

- Who are Refill City’s competitors and how will Refill City position itself among them?
Section 2.3 – competition analysis - answers this question. There are three competitors for Refill City based on this analysis: Ink Shop International, L & M Team Trade and Fabi Comimpex 95.

Section 1.8.4 shows the position of Refill City on the Romanian market. The value proposition of Refill City can be concluded as “first class products, with quality service for IT- and business-oriented people”.

- How can Refill City segment the market and which market segment should Refill City target?
The consumer market of Refill City is segmented by several variables: demographic, geographic, behavioral and psychographic. In the demographic variable age, family size, family life cycle, household income, occupation and education are discussed. In the geographic segmentation, the market is divided by metropolitan statistical areas and density. For the behavioral section, customers are divided into subgroups, such as benefits, user status, user rate, attitude and buyer-readiness stage. Lifestyle is important to illustrate the market with regard to the psychographic segmentation. Chapter 1.8 explains the market segments of the market.
What strategy should Refill City follow when entering the Romanian market?

The best approach for Refill City on the Romanian market is the focus strategy based on differentiation. The needs of the target groups can be better serviced by focusing completely on it. The result of having a focus strategy is that Refill City will enjoy the high degree of customer loyalty and therefore, other companies will be dispirited from competing directly. More details can be found in section 2.3.2 – competitive advantage.

The best market entry strategy is by exporting indirectly. (section 3.4) By the use of an agent, Refill City stays in control and can make its own decisions.

The answer to the central question is as follows:

In my opinion Refill City has the potential to export to Romania. The internal analysis indicates that the company has reached a good level. The comparative advantages are product quality, brand and image, service, management, production and price. Refill City has good quality for a good price, which is rare. The financial figures have been good, but they have been vulnerable to the financial crisis which is going on right now.

The main target market for Refill City is identified as Romanian college-educated people, between 20 and 49 year-old and have a middle-level household income (between 35,000 and 75,000 Euro per year). Also, the Romanian people who prefer a IT-oriented and business-oriented lifestyle can also be classified as the target customers of Refill City. The single segment strategy is a good choice for Refill City, because it is a small company with limited resources.

After clarifying the main target market, Refill City needs to chose a proper market position and strategy. Refill City use “first-class, user friendly and distinctiveness”. For the strategy, Refill City will use the focus strategy based on differentiation.

Refill City has gained a good reputation on the Dutch market, which makes it practical to look for possibilities in another country. The country selection model indicated that Romania is the best choice for Refill City. Despite the fact that the world is affected by the financial crisis, the expectations for the following years are promising. The market is still far from being saturated, which makes it interesting to invest in.
Exporting to this country makes it very interesting, but what is the best way to export the ink cartridges? The distribution analysis concluded that the agent is the best way to export, so exporting indirectly is the market entry strategy for Refill City. In this way, Refill City can make its own decisions.

Even though customers are not familiar with the company, Refill City is going to put a lot of effort in the marketing-mix, such as promotion. By having flyers, offers and billboards and advertisements, the company will create acquaintance on the Romanian market.

The most practical Incoterm is DDU (Delivered Duty Unpaid) and to decrease the payment risk, Refill City will use the Document against Payment (D/P). As mentioned before, Refill City keeps control of the goods until the importer pays.

Since we cannot predict the future, several scenarios are made for Refill City. The product can be successful on the Romanian market, but it could also fail. After some time, the company can see what the results were for introducing its product on the Romanian market.
6.3 Recommendations

Understanding the business culture in another country is the key to being successful. During my internship at Fenedex, I noticed that international trade shows are very important when it comes to establishing business contacts. Refill City needs to go to these exhibitions, because then the company can communicate with for instance, other companies who are also looking for possibilities in Romania. As well, the company can find reliable agents. The specific date of these exhibitions can be found on the website of the EVD.

My recommendation is that Refill City needs to understand the business culture in Romania. Having native speakers is very important and keeping contact with the agent is vital. Moreover, the company can become a member of Fenedex, because this organization can help Refill City whenever export problems occur. The last recommendation is that Refill City needs to work on their reputation. The customers do not know the company, so by putting a lot of effort in promoting their product, the reputation can only get better. The market is very booming, despite the financial crisis, so by understanding the business culture, Refill City can become very successful on the Romanian market.
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