International expansion of the West Cornwall Pasty Company: country selection, entry mode, and marketing strategy report

University of Kent

Manuel Crepin (mjpc5@kent.ac.uk)
Student #: 13954428

CB544 International Marketing
Dr. Rachel Duffy

Submitted: 18 January 2016

Word count: 6119

1. Executive Summary

The purpose of this report is to assess the best country expansion option for the West Cornwall Pasty Company between Austria, the Netherlands, Norway and Spain. A selection of Political, Economic, Social and Legal factors were selected and examined using a scorecard (appendix 5), along with industry competition and trends, culture and climate. Norway was selected as the ideal country for expansion given a series of benefits, including better economic climate, ease of doing business, cultural and weather considerations, and national and regional market growth potential.

Given current operations of the firm, a certain market entry strategy was developed. Equity joint ventures and franchising were ruled out as incompatible with the current business model. A staged mode of entry was instead suggested, with an initial simple export of the product in the form of street stall-style vending from the company's pasty van to test actual demand. Once a positive result is found, the ideal entry mode would be direct FDI by opening a high street outlet, running operations from a single location initially. The final step would then be the opening of further outlets and potentially considering a partnership with local convenience stores to expand market reach.

The marketing strategy should maintain a very similar brand image in the host country while adapting different elements of the marketing mix. A similar target consumer group would be targeted by the outlet, while minor adaptations in terms of product and cost would be necessary to ensure satisfaction. The largest adaptation would be in communications, where the firm would have to respond to the specific wants of the consumer. In particular, there must be a focus on product origin (both in terms of ingredient transparency and Britishness), being a healthy alternative, yet remaining a fast service option.

To conclude, the West Cornwall Pasty Company should definitely consider expanding into Norway as it can leverage internal experience, resources and capabilities to reduce uncertainty and maintain brand image and process consistency in the host country.

2. Table of Contents

3. Introduction

The purpose of this report is to assess and analyse four countries the West Cornwall Pasty Company (referred to as “the Company” or “WCPC” from now on) has been considering expanding into. The report will contain recommendations and justifications for a specific country selection, a recommended market entry mode strategy for the chosen country, and particular recommendations concerning the marketing mix strategies to be used in the chosen market.

The investigation will be executed following a top-down approach, meaning the macro conditions will be assessed first, and once an appropriate market has been detected there will be an analysis on how to best fit current company resources and capabilities to local requirements. The aim to is determine rationally which combination of location and strategies will maximise overall long-term benefits for the Company.

3.1. The West Cornwall Pasty Company

To understand the strategic requirements of the Company it is necessary to understand current target market and marketing strategy in their domestic UK operations before expanding abroad for the first time.

The Company was founded in 1998 and is now the UK's largest pasty operator. It holds certain intrinsic values which reinforce the brand image: heritage, provenance, and quality, priding itself in being “the ‘original’ fastfood” (WCPC, 2015a).

All pasties are 100% handmade in West Cornwall using traditional techniques and recipes to offer the same level of nourishment as was required by Cornish tin miners a century ago. Its ingredients are locally sourced to ensure both pasty quality and Product Geographical Indication (PGI) status (EU, 2011).

Because of the filling nature of the core product, the Company aims to be a healthy alternative fast food operator aimed at busy commuters, thus targeting a rather niche market. Its whole offering is sold over the counter as take-away (in its outlets) and includes pasties, breakfast items, hot and cold drinks, snacks and sweets, and some hot food.

They can be enjoyed in over 50 firm-owned locations in the UK, which are either high street shops or smaller kiosk-style shops at travel hubs. They are also sold at some partnered London pubs (WCPC, 2015b) and at many sporting events throughout the year through their collaboration with independent sponsorship and event marketing agency, Sportcel (2015).

Overall, WCPC likes to keep control over the production of what it sells (including its own brand coffee) and maintains its own outlets, but it is not above collaboration when it comes to selling pasties in alternative locations which will not cannibalise its current market share.

4. Country Selection

The countries given for analysis and comparison are the following: Austria, the Netherlands, Norway, and Spain. A selection process will have to be developed and implemented to choose an appropriate selection for market entry.

4.1. Methodology

To best assess the external environment relevant to the Company in each of the countries, a two stage selection will be used: an initial macro analysis and a subsequent micro and industry level examination of two finalist countries.

At first, a modified PESTLE analysis will be used to assess the macro environment. A selection of comparable Political, Economic, Social and Legal factors will be taken into consideration. Technological and Environmental factors will be left out for this analysis as the food industry typically has a low reliance on new technology development and the countries in question all have an equal level of technological development. Similarly, broad environmental issues tend to affect the region in an equal fashion, though climate differences will be discussed. For each comparable factor, an importance weighting and a relative level of potential benefit to WCPC (3: high, 2: medium, or 1: low) will be applied for each country. The resulting scorecard will determine which two countries are to continue to the second stage of evaluation.

The second stage will take a more qualitative approach and will consist of an industry and competition analysis, and an appraisal of cultural aspects and trend identification. A final country selection will be made based on both macro and industry/micro factors.

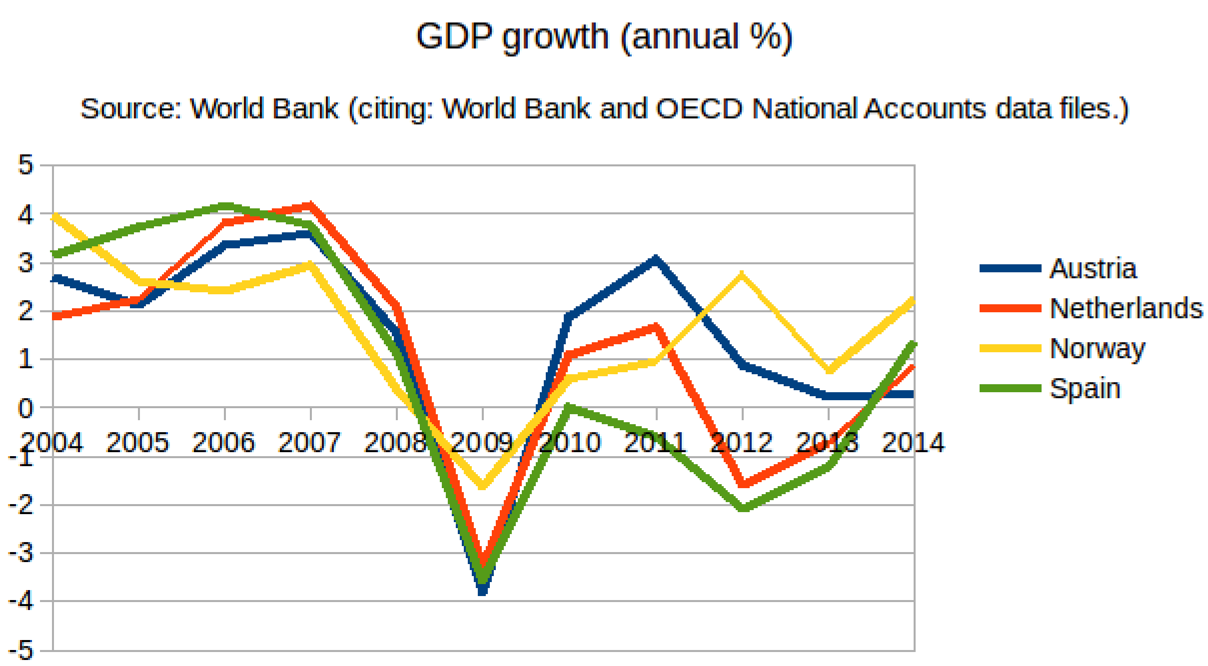
4.2. Macro Data Selection

The following choice of PESTLE variables will be quantified and justified: Political (ease of doing business, economic community associations, tax rates), Economic (GDP growth, GDP per capita, employment rate, inflation), Social (demographics, obesity rate, consumer confidence), and Legal (health regulations, standardisation). Detailed metrics used and their values are available for examination in the scorecard (see Appendix 5), and will be discussed in the below analysis.

There is a general acceptance in the literature that consumer spending is linked to consumer confidence. Additionally, Heim (2009) found that this is particularly true in relation to non-durable goods, such as food. Heim's (2010) studies are based on the University of Michigan Consumer Sentiment Index which survey subjective appraisals of personal financial situation, and both short-term and long-term general economy in the USA. The conclusion is that overall likeliness of consumer spending is related to country GDP growth rate, GDP per capita and employment rate. This is very important for the Company, as eating out is more expensive than preparing food at home, and thus is considered a relinquishable luxury in a tougher economic climate (Chen, 2013).

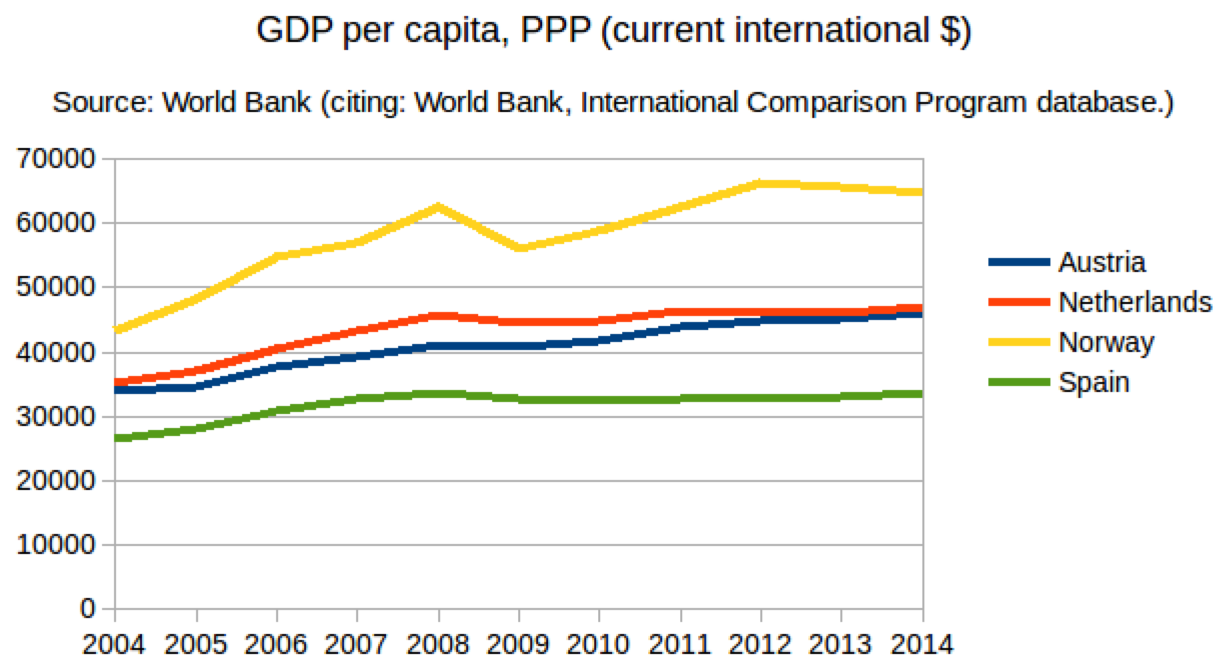
As shown in Figure 1, before the 2008 economic crisis the selected countries had a similar economic growth rate, which is no longer the case. Norway has maintained a higher overall growth rate, showing better post-recession resilience.

Figure 1



Spain and Netherlands are instead recovering well from a double dip in 2011, while Austria has reached a constant positive growth instead. GDP growth shows country potential for economic growth and directly relates to consumer confidence, thus resulting in a more reliable metric than real GDP. However, GDP per capita is very important as it hints at the disposable income of the average individual in a country, as seen in figure 2.

Figure 2



Austria and Netherlands have a similar income level while Spain has a much lower one. Norway on the other hand has a relatively high GDP per capita, which is particularly significant as Scandinavian countries also tend to have low income inequality (Aaberge et al., 2002), meaning disposable income is better spread across the population. More consumers with a higher purchasing potential indicate a larger potential customer base.

The final comparable metric to evaluate consumer confidence is unemployment rate, which as can be seen in Appendix 1, is very high in Spain at about 26%. The other three countries fare better at 4.9%, 6.7% and 3.5% respectively for Austria, Netherlands and Norway. Employment rate is important for both individual consumer confidence and purchasing potential. An employed adult may also be sustaining, for example, children who may also be fast food consumers. Employment thus has an additional positive spillover effect on consumption, especially in the “food-away-from-home” market which has proved to increase due to longer working hours, increased household income, and less free time (Schnepf, 2013).

Due to the increase in these factors, eating out has become more popular regardless of it's higher cost and has been uncurbed by inflation rates increasing prices. This is important as it shows that it is a slightly less relevant factor in terms of the potential expansion of WCPC. However, while the other countries have a healthy inflation rate between about one and 2 percent (as seen in appendix 3), Spain was officially in deflation in 2014, which can be a dangerous indicator of reduced consumption as consumer expectations is that prices will continue to fall, and thus will hold off purchasing products. However, this tends to have a greater effect on high-cost products rather than food, which is a basic necessity and has very inelastic demand. Therefore, inflation should be regarded by the Company as an indicator of general economic activity rather than a factor influencing consumer consumption potential.

Population is an important metric as it estimates the potential market size for the Company. However, considering total population gives an inaccurate idea of actual number of consumers that could be reached. Given WCPC's (2015a) strategy of opening stores in popular towns and travel hubs, it would make sense to assume initial investment would take place in the largest city, and thus take into account urban population. Given the data offered by World Bank (see appendix 2), Austria and Norway have the lowest total urban population, however, the percentage of urban population living in the largest city (the capital in the case of all four countries) allows us the calculate an actual potential market size estimate. The results are interesting as they may not be immediately intuitive. Spain has the largest estimate at over 6 million, a much larger number compared to the 1.7 million for Austria and approximate 1 million for both Norway and the Netherlands. Hence in this case, Spain would be the best option in terms of potential market if the Company expands to the capital city, which is reflected in the scorecard (appendix 5).

A large potential market is only suitable if the population is willing to spend. Given the filling and heavy nature of pasties, while it is healthy in terms of ingredients, it is also very calorie-intense and thus more suitable for colder climates. Looking at the historic annual average of the aforementioned largest cities (CR, 2015) we can assess relative willingness to consume the product offered by WCPC. Compared to a UK average of about 11° Celsius, Austria and the Netherlands have a similar climate at 11 at 10 degrees respectively, while Spain naturally is at a warmer 15.5 average and Norway a much colder 6°c.

Climate, being related to the relative position of countries, also suggests another potential issue for the Company: distance. Assuming WCPC continues exporting its products from Cornwall, the core products would have to be transported by refrigerated freight. The longer the distance, the higher the cost. To reach Vienna, Amsterdam, Oslo and Madrid from the production plant in Penryn it takes respectively 18, 10, 23 and 20 hours.

Not only climate affects willingness to consume pasties. Higher rates of obesity may suggest consumers looking for lighter alternatives, though this is difficult to prove so there will be a low weighting for this metric. Spain has the most overweight population at 26.6% while the other countries gravitate around the 20% mark. These social and environmental factors may however be reflected in a government's political agenda, which has a more direct potential impact on the operations of the Company.

For example, in the Netherlands there are nine policies and programmes relating to obesity and diet, much higher compared to the two found in Norway (WHO, 2015). However, it is also difficult to quantify the degree of impact these regulations could have. In the case of Norway however, it does mean an additional document that has to be supplied in order to import products, as opposed to the four required by the EU countries. This additional document is a veterinary seal of approval on any meat content the Company wants to import to Norway, which could cause some additional costs. However, it should not cause logistical delays. In fact, Norway ranks a close second after Netherlands for the Logistics Performance Index (Durr, 2015) between the four countries, which includes customs processing in which area it is the best.

These are important values contributing to the overall Ease of Doing Business Rank, in which Austria, the Netherlands, Norway, and Spain respectively are ranked 19th, 27th, 6th, and 32nd. Ease of business does not only facilitate the management's role but also reduces startup costs. The simple fact of having to wait less than a week in Norway and the Netherlands to start a business compared to the two or three weeks in Spain or Austria can significantly reduce the cost of initial expansion abroad, which will be discussed further in chapter 5.

Having looked at the Economic, Environmental, Social and Legal factors, and hinted at Political ones, it is important to also focus on the latter. Norway is the only country that does not belong to the EU or Eurozone, however it is part of the EEA, and has harmonised most of its regulations to be in line with the common market, except some notable exceptions such as fishery policies and the previously mentioned meat import regulations.

Tax rates are also a result of political agenda and can vary with an unstable economy or government. Appendix 4 shows the case of Spain that dipped in 2011 in an attempt to lure more business investments. Such instability can represent a risk for the Company. The tax rate itself is also important as it measure total tax rate to be paid of commercial profit, rather than the typically examined corporate tax rate. Austria and Spain in 2014 were less favourable at 52 and 58.2 percent respectively, as opposed to the 39 and 40.7 percent rates in the Netherlands and Norway.

These Political factors are therefore likely to affect the Company's investment performance.

A final important cost-affecting consideration to take into account is exchange rate. Figure 3 shows the historic exchange rate for the Euro and Norwegian Krone against the Pound Sterling. As we can see, while EUR is the more stable currency, GBP is currently much stronger against the NOK. Given the uncertainty of future fluctuations, a currently strong pound means greater return on exchange rate. Therefore, it would be an ideal time for WCPC to invest in Norway, especially if considering an initial lump investment, as will be discussed in chapter 5.

Figure 3

4.3. Initial Country Comparison

Appendix 5 presents the findings of the above research and allocates a relative importance weighting to each metric and a significance rating in terms of potential benefit to the Company (1 being low, 3 high). The Rating is then multiplied by the Weight to obtain a country's score for that factor. All scores added up give a total where the more the points, the more attractive the country is to enter. Following the table, we can see that Norway overall scored best at 249 points, followed by the Netherlands at 212. Austria and Spain scored a lower 184 and 172. Therefore, Norway and the Netherlands will be examined in further depth to make a final decision on the most appropriate country for entry.

4.4. Micro Data Selection

Further analysis is necessary to understand the true potential of either country. In particular, cultural aspects which are harder to quantify. Furthermore, the current situation in the industry and some emerging trends will be identified, including already present alternatives in the market. Competitors themselves will be discussed in the next chapter.

Culturally, the Netherlands and Norway follow quite different trends. In the latter, food consumption is highly linked to economic environment (Euromonitor, 2015f) and the weather. When either of these factors worsen, people tend to eat out less as well. This is because the average Dutch consumer has a high price consciousness with a preference for a quick and easy meal when they do go out (Euromonitor, 2015d). In fact, there already is a pasty producer operating in the country, which simultaneously guarantees demand and ensures an established competitor upon arrival in the market. Since the effect of weather is quite high, it's likely for seasonal demand variations to be quite high. So demand may be low in winter due to the weather, but it may also be low in summer because pasties are a rather heavy product (Euromonitor, 2015b). Additionally, travel hub food operators are monopolised by the national rail company, so would not be an option for WCPC. Overall, the food industry growth was generally slower than expected, indicating a more saturated market.

Norway on the other hand tends to not show much seasonal variations, due to the climate being relatively colder year round, ideal for pasties. Norwegians also tend to be very loyal to familiar (often local) brands (Euromonitor, 2015a). The staple food are hamburgers and hotdogs if people want something simple to eat on the go, and are widely available even in convenience stores (Euromonitor, 2015e). However, due to increasing cosmopolitanism, there is generally more willingness to try new things, and in particular coffee shops are becoming popular and are typically preferred over bars and pubs. Overall, there is a preference for high quality, healthy, affordable food, with an increasing consciousness of ingredients and origin (Euromonitor, 2015c). The Norwegian food market seems to show more actual growth and future potential than the Dutch market.

4.5. Final Country Decision

Given the above analysis: better economic (and environmental) climate, ease of doing business, cultural propensity, and market growth potential, would indicate **Norway** as being the best fitting expansion opportunity for the Company out of the four countries, notwithstanding risks relating to exchange rate, regulations, and physical distance.

5. <u>Market Entry Mode Strategies</u>

As Norway has been selected as the best potential country for expansion into, potential entry mode strategies will be examined in terms of what strategy best fits the current one used in the home market, the environment factors mentioned previously, and whats structure is used by existing potential competition. An appropriate industry to analyse will also be selected as pasties and the way the Company operates could fit into different categories.

5.1. Potential Entry Modes

As previously mentioned, WCPC (2015a) has certain characteristics related to its operations which it should continue to follow. As a study has shown, firms following a consistent product market strategy typically perform better than competitors whom are inconsistent in the implementation of their strategy (Sriram & Anikeeff, 1995). Because of this, the Company should maintain control over its brand as it has done until now by not exporting production to the new country (not, at least, of its core products) to maintain the authenticity of its pasties.

For these reasons, any form of equity alliance should be avoided, so that there cannot be any conflict of interests. A merger or acquisition might undermine the perceived authenticity of the product, while a joint venture would reduce the decision making power of the Company. Further, these are typically expensive entry modes. Finally, franchising would constitute too much of a risk in terms of image control. These modes of entry simply would not fit into the current strategy of the Company.

According the the Uppsala school of thought, Johanson & Vahlne (1990) suggest that the typical path to internationalisation followed by firms is to export first to test the market, and then to consider FDI. This is certainly an option for WCPC (2015b) as it already engages in such activities in some London pubs. However, it should be noted that this isn't an ideal initial entry mode for the Company, but a long-term market share expansion method to take into consideration. This is because of Norwegian brand loyalty, yet willingness to try novelty products. Therefore, the brand should be built before entering any distribution agreements.

Therefore, the entry modes the Company should consider to enter Norway are either a greenfield investment or a carefully selected non-equity alliance. The best entry mode will be identified after analysing the competition structure and industry position.

5.2. Environmental Factors

Given the way WCPC operates domestically, it could potentially fit into different broader industry categories. Therefore, to better understand how the Company should enter the market, competitors and trends for the fast food, café & bar, street stall, convenience stores, and bakery industries should be examined.

The fast food industry in Norway has seen a recent focus on greater visibility on the provenience of its products and an overall increase in food quality (Euromonitor, 2015c). These are all beneficial for WCPC as they pride themselves on sourcing their ingredients in Cornwall and tend to be perceived as a relatively healthy traditional fast food. However, if focussing on this industry the Company would have to face some very well established substitutes that are the staple easy foods for Norwegians: hamburgers and hotdogs. The main multinational competitors in this market are McDonalds, Burger King and Subway, however they have less restaurants than many local alternatives that offer American style food or pizzas, like Egon, Big Horn Steak House, Peppe's Pizza and Dolly Dimple's Pizza (TripAdvisor, 2010). The tendency in this industry is to franchise, so that each outlet looks familiar and has the same offering to make the most of high brand loyalty. As previously discussed, this is not an ideal mode of entry for the Company, so a different initial positioning should be more appropriate.

Cafés are increasing in popularity due to the growing cosmopolitanism in Norway, and especially in Oslo. They are favoured for socialising and tend to attract many customers as it is primarily a coffee drinking country (Euromonitor, 2015g), which would go in the Company’s favour considering its focus on hot drinks and own-brand coffee, St Just (WCPC, 2015b). In particular, specialist coffee and tea shops are a new trend so people that enjoy trying new places haven’t necessarily generated any strong loyalties, also given that the market is still rather fragmented. The Company could capitalise on it’s authentic British offering by expanding its choice of teas. The largest player Kaffebrenneriet follows a franchise model (“EspressoHouse”) that has approximately 40% of market share (Euromonitor, 2015a). The rest is dominated by Starbucks and small or independent coffee shops. Opening a café would probably be the most familiar model for WCPC and would be able to attract a lot of interest relatively quickly.

Street stalls are gradually diversifying and are now also increasing in popularity as a busy lifestyle and interest in new tastes promote easily accessible food (Euromonitor, 2015e). There are no particularly large chains present in Norway for this industry and the competition is entirely run by independent operators. The Company could fit in well into this category given its experience in vending from a pastie van (WCPC, 2015b) and given the relatively low cost of operating.

There are many bakeries in Norway, however they tend to be brands present in supermarkets with fresh or packaged baked goods and do not typically serve meals (TripAdvisor, 2010). A few examples are Apent Bakeri, W.B. Samson, Baker Hansen, and Din Baker (Euromonitor, 2015i). While they do not pose an immediate threat, they do dominate the most important distribution channel in Norway: modern grocery retailers (Euromonitor, 2015h). It would be difficult for WCPC to position as a bakery given the already well established competition.

Another very important distribution channel and alternative is found in convenience stores, which are very popular for quick bites (such as hotdogs). Deli de Luca, 7/11, and Narvesen are the largest and best known. The first two especially are very prominent and sell hot quick food and drinks and are found both in towns and near most travel hubs (TripAdvisor, 2010). These companies are not direct competitors, yet they do offer alternatives, so they could be a potential partner for the Company to consider.

5.3. Suggested Entry Mode

The best entry mode for the Company partly depends on the desired positioning of the firm, the assumption here is that it would want to continue with the same mode of operation as used domestically to make the most of previous experience. While the external environment does influence the decision, there are clear constraints as to the Company's preferred mode of operation: maximised control and maintaining core production in the UK

Dunning's (2001) eclectic paradigm explains that there are different advantages associated with different types of market entry, as demonstrated in appendix 6. Given the fixed production location, internalisation advantages (related to the coordination of processes) are maintained, and thus licensing is not an option for expansion. Therefore, the remaining options are to directly export, potentially selling through an intermediary, or opening an outlet in Norway.

Given the above analysis and the cost of outright FDI, a staged approach is suggested.

Expansion in a foreign country is expensive and no amount of analysis can predict exactly the success of operations abroad. WCPC has both capabilities and experience selling from a van, which could be used as an excellent surveying tool to determine actual demand for the product. Considering the ease of doing business in Norway, it may be relatively easy to receive a temporary permit to sell like a street stall. This would not only collect primary data on demand potential, but also offer insights how to better market the product.

Assuming the trial run is successful, the rational recommendation for the Company is to open a high-street outlet in Oslo, as it does domestically, to compete with local speciality coffee shops, which could receive and store regular shipments of products from the UK. This is necessary as fresh pasties are shipped frozen and prepared in-store. Ideally, an outlet would help familiarise the local population with the product, and accompanied by a strong promotional effort, hopefully establish some brand loyalty.

Depending on the success of WCPC in Norway, the ideal final stage would be to create partnerships and expand regionally into the rest of Scandinavia, where there are similar conditions and culture. The Company could try associating itself with sports such as football or local favourite hockey, or more strategically partner with convenience stores like 7/11, which by selling pasties could expand both market share and distribution channel capabilities. This would help establish the product and create a barrier to entry for new potential competitors.

6. Marketing Strategies

Having selected a country and an ideal entry mode, the marketing mix will be investigated. We will assume at this point that the testing of the product was successful and that the Company would take advantage of its window of opportunity and make the most of its first mover advantage by deciding to open an outlet in the capital of Norway, Oslo.

6.1. Marketing Mix Recommendations

The advantages of maintaining a similar strategy to that previously used has been discussed, therefore the current elements of the marketing mix used in the home market will be outlined and the eventual reasons for either standardising or adapting them in the host market will be given, taking into account previous analysis.

In an attempt to give a better view of the potential marketing, Lauterborn’s (1990) marketing mix proposition “the 4 C’s” (Consumer, Cost, Communication and Convenience) will be used at it is better suited to niche marketing, such as in the case of WCPC, and more consumer-oriented than McCarthy’s (1964) original proposition of “the 4 P’s” (being Product, Price, Promotion, Place). Lauterborn’s proposition is also best suited as its focus is still on manufacturing, as opposed to more recent studies which focus more on the provision of services rather than goods. The four C’s are as follow:

6.1.1. Consumer

The Consumer element relates to the product itself and how it satisfies the needs and wants of the customer. The idea is that supply should meet demand, and not the other way round.

The current target market for the Company in the UK is the working population, typically commuters, that do not have a lot of time to eat so prefer a quick yet nutritious meal. The needs are the same across borders: a fast service offering warm food and typically accompanied by a hot drink, such as a coffee. The type of sales service should therefore be standardised: the same counter-and-till design should be kept so that consumers can be served rapidly, and given the choice of how to consume, in the outlet at the offered seating (in the case of a high street shop) or on the go. This relates to how the Company wants to position itself in Norway. The suggestion would be to be somewhere in between a coffee shop and a fast food, as seen in appendix 7, as to not create any direct competitors and differentiate on an extra level than just having a different product offering.

The wants of the consumer are linked to the preferences. How the products will be marketed will be discussed in the Communication element. At this stage, tastes and trends have to be taken into account. While domestically the focus is to offer a typically Cornish product, the Company would be representing a British food offering in Norway. To meet expectations, there should be some degree of adaptation in the menu. Pasties should still be the core product, however it could be suggested to increase the coffee and tea range to respectively satisfy local drink preference and consumer expectation. Furthermore, given the popularity of hot dogs in the country, the Company should increase its offer on sausage rolls, and could potentially make some local pasty variations somehow relating to hamburgers. The response to the recent trend in Norway to be more health and origin conscious could be once again solved through the correct application of the Communication element.

6.1.2. Cost

Cost does not only refer to the price component of the meal, but also the psychological cost endured by the customer when purchasing.

For the price component, the Big Mac index (Economist, 2015) can be used to give an idea of PPP difference. Given a base in pound sterling, a Big Mac in Norway is overvalued by 25%, meaning that food is generally more expensive in Norway. This higher cost of living means that the Company can potentially have a higher revenue than it has domestically.

GIven the higher cost of living, Norwegians can certainly afford to buy (reasonably priced) pasties for meals. It is the implicit costs to the consumer that make a difference. The location should be appropriate for busy consumers (as discussed later in the Convenience element), and speed of service should be appropriate for the target market. This includes making sure the right payment methods are in place. Norway is known for using very little cash, and card is the most frequent payment method, even in street stalls and markets (NorthernFjords, 2013). Some emotions such as guilt are also a negative cost, so it is important consumers perceive the WCPC offering as a healthy alternative, as discussed next in Communication. Overall, the opportunity cost of eating at WCPC should be as low as possible for the consumer, and satisfaction maximised. The experience should be the same as in the home market: fast service and high quality product, yet the implementation requires some degree of adaptation.

6.1.3. Communication

The element of the marketing mix that probably requires the largest degree of adaptation is communication. This starts from the very basic fact that there is a language barrier that should be solved. Communication should be both ways, the Company should be promoting its product and the consumers should give feedback and express their needs and wants.

The promotional effort must be related to the industry trends identified earlier on in the analysis. In Norway, these were a general tendency to prefer healthier foods and there is a call for transparency, especially over origin of ingredients. It is crucial the Company responds to these trends instead of using the same marketing material as used domestically. The methods used to communicate can be standardised, such as using signs outside of outlets or using social media, but the content has to be adapted to the country. In Norway, the Company should focus for example on the fact that they offer a reasonably healthy and nutritious alternative to hotdogs, or that all their pasty ingredients are sourced from Cornwall. Additionally, they could capitalise on their Britishness by offering different tea varieties. Loyalty cards on hot drinks, as offered in the home market, could generate some loyalty from coffee drinkers.

Finally, the pasty van could be used as an additional advertisement method by making potential customers aware of the product by having both a fixed and a flexible location. This would allow for example appearance at sporting event venues. The type of sport events WCPC caters for could also be adapted: hockey is the national sport, followed by football. Making an appearance at such events could increase popularity and general product awareness.

Communication is the element which would have to be developed the most to be effective.

6.1.4. Convenience

The last element of the marketing mix to take into account is convenience to buy. This is especially important given that the identified target consumer is primarily the busy commuter. Location of the outlet is therefore of the utmost importance. It should be close to a travel hub and on the path of commuters going to work, or in a crowded enough area to be as exposed to as many people as possible. Corner shops are ideal as they open up on more than one roadside. Additionally, large areas of central Oslo are exclusively for pedestrians, therefore it would be easier to capture the attention of someone passing by needing a quick bite. Appendix 8 shows the example of Karl Johans gate, a pedestrian road leaving the Oslo central station and other major travel hubs. Highlighted are the ideal locations, with local alternatives pinpointed on the map. The central pedestrian location would guarantee the best exposure to potential customers, and being central is sees many commuters daily.

An outlet in central Oslo could also act as a centre for operations, which could potentially sustain the functioning of a pasty van, which thanks to its mobility could change location throughout the day to serve the most crowded spots to maximise convenience for the consumer. The approach to location should be the same as in the home market: near travel hubs and crowded pedestrian areas. If a partnership with convenience stores were also to be established, the additional distribution channel would increase market reach and further increase economies of scale, so it is an option to consider in the long run.

6.2. Suggested Strategy

The suggested strategy therefore brings together different levels of adaptation from the different elements of the marketing mix. The target consumer remains mostly the same, with the addition of customer attracted by the Britishness of the Company. The combination of appropriate location and service style create a convenient product offering for the consumer with a lowered opportunity cost of buying elsewhere. An additional effect is of creating brand awareness simply by having a central location. The largest adaptation has to be done in the communication element, where industry trends and consumer wants have to be clearly matched to the offering of the Company.

The overall recommendation is to maintain a very similar brand image in the host country to maximise any positive country of origin effect, while adapting processes to better fit the local environment.

7. Conclusion

To recapitulate the findings of this report, Norway was selected as the ideal country for expansion given a series of benefits, including better economic climate, ease of doing business, cultural and weather considerations, and national and regional market growth potential.

A staged mode of entry was suggested, with an initial simple export of the product in the form of street stall-style vending from the Company's pasty van. However, the assumption made for the rest of the report would be the opening of a high street outlet and operations running from a single location initially. The next step would then be the opening of further outlets and potentially considering a partnership with local convenience stores to expand market reach.

The marketing strategy proposed aimed to maintain a very similar brand image in the host country while adapting different elements of the marketing mix. A similar target consumer group would be handled by the outlet, where the type of consumption depends on the customer to maximise convenience. Some adaption in terms of product and cost would be necessary to ensure satisfaction, while the largest adaptation would be in communications, where the Company would have to respond to the specific wants of the consumer.

To conclude, the Company should definitely consider expanding into Norway, using a similar model used domestically to leverage internal experience, resources and capabilities to reduce uncertainty and maintain brand image and process consistency.

8. Recommendations

Final considerations and recommendations relate to the time of year the Company should expand into Norway and the type of management that should be used.

One study concludes that a firm's success is directly related to the drive and experience of the manager in control of operations when expanding into a new country, thus the Company should select an appropriate and willing manager (Ayadi-Frikha, 2015).

As seen in chapter 4, temperature has an effect on consumption. Given the hot and filling nature of the products offered by WCPC, investment should be considered in a colder season to attract more initial customers in the hopes of creating some loyalty before seasonal variations in demand occur in the warmer periods of the year.

9. References

Aaberge, R., Björklund, A., Jäntti, M., Palme, M., Pedersen, P. J. and Smith, N. (2002). *Income Inequality and Income Mobility in the Scandinavian Countries Compared to the United States*. Review of Income and Wealth, 48(4): 443-469.

Ayadi-Frikha, M. (2015). *Internal Determinants of the Internationalization Behavior Dynamics of Young Firms*. Journal of Behavioural Economics, Finance, Entrepreneurship, Accounting and Transport, 3(1): 32-38.

Central Intelligence Agency (CIA) (2008). *The World Factbook - COUNTRY COMPARISON :: OBESITY - ADULT PREVALENCE RATE* [Online]. Available at: https://www.cia.gov/library/publications/the-world-factbook/rankorder/2228rank.html [Accessed 28 December 2015]

Chen, X. Y. (2013). *Macro European indicators influence restaurant companies' sales* [Online]. Market Realist. Available at: http://marketrealist.com/2013/09/mcdonalds-higher-sales-europe-part-larger-trend/ [Accessed 26 December 2015]

Current Results (2015). *Average Annual Temperatures in European Cities* [Online]. Available at: http://www.currentresults.com/Weather/Europe/Cities/temperature-annual-average.php [Accessed 28 December 2015]

Dunning, J. H. (1981). *Explaining the International Direct Investment Position of Countries: Towards a Dynamic or Developmental Approach*. Weltwirtschaftliches Archiv, 117(1): 30–64.

Dunning, J. H. (2001). *The Eclectic (OLI) Paradigm of International Production: Past, Present and Future.* International Journal of the Economics of Business, 8(2): 173-190.

Durr, J-M. (2015). *World Statistics* [Online]. Available at: http://world-statistics.org/ [Accessed last 31 December 2015]

The Economist (2015). *Interactive currency-comparison tool: The Big Mac index* [Online]. Available at: http://www.economist.com/content/big-mac-index/ [Accessed 2 January 2016]

Euromonitor (2015a). *Café/Bars in Norway* [Online]. Available at: http://www.euromonitor.com/cafes-bars-in-norway/report [Accessed 30 December 2015]

Euromonitor (2015b). *Café/Bars in the Netherlands* [Online]. Available at: http://www.euromonitor.com/cafes-bars-in-the-netherlands/report [Accessed 30 December 2015]

Euromonitor (2015c). *Fast food in Norway* [Online]. Available at: http://www.euromonitor.com/fast-food-in-norway/report [Accessed 30 December 2015]

Euromonitor (2015d). *Fast food in the Netherlands* [Online]. Available at: http://www.euromonitor.com/fast-food-in-the-netherlands/report [Accessed 30 December 2015]

Euromonitor (2015e). *Street stalls/kiosks in Norway* [Online] Available at: http://www.euromonitor.com/street-stalls-kiosks-in-norway/report [Accessed 30 December 2015]

Euromonitor (2015f). *Street stalls/kiosks in the Netherlands* [Online]. Available at: http://www.euromonitor.com/street-stalls-kiosks-in-the-netherlands/report [Accessed 30 December 2015]

Euromonitor (2015g). *Coffee in Norway* [Online]. Available at: http://www.euromonitor.com/coffee-in-norway/report [Accessed 1 January 2016]

Euromonitor (2015h). *Tea in Norway* [Online]. Available at: http://www.euromonitor.com/tea-in-norway/report [Accessed 1 January 2016]

Euromonitor (2015i). *Bakery in Norway* [Online]. Available at: http://www.euromonitor.com/bakery-in-norway/report [Accessed 1 January 2016]

European Union (EU) (2011). *Commission Implementing Regulation (EU) No 717/2011 of 20 July 2011 entering a name in the register of protected designations of origin and protected geographical indications (Cornish Pasty (PGI))*. Official Journal of the European Union, C 193: 13.

Heim, J. J. (2009). *Does Consumer Confidence, Measured by University of Michigan Indices, Affect Demand for Consumer and Investment Goods (Or Just Proxy for Things That Do)?*. Rensselaer Polytechnic Institute, Department of Economics. RPI Working Papers in Economics, No. 903. August 2009.

Heim, J. J. (2010). *The Impact of Consumer Confidence on Consumption and Investment Spending*. Journal of Applied Business and Economics, 11(2).

Johanson, J. & Vahlne, J. E. (1990). *The mechanism of Internationalisation*. International Marketing Review, 7(4): 11-24.

Lauterborn, B. (1990). *New Marketing Litany: Four Ps Passé: C-Words Take Over*. Advertising Age, 61(41): 26.

McCarthy, Jerome E. (1964). *Basic Marketing. A Managerial Approach*. Homewood: Irwin.

NorthernFjords (2013). *Travel Tips For Norway: Credit Card or Cash?* [Online]. Available at: http://northernfjords.com/2013/10/02/travel-tips-for-norway-credit-card-or-cash/ [Accessed 2 January 2016]

Schnepf, R. (2013). *Consumers and Food Price Inflation*. Congressional Research Service (CRS) Report for Congress, R40545. [Online] Available at: http://fas.org/sgp/crs/misc/R40545.pdf [Accessed 29 December 2015]

Sportcel (2015). *Clients: West Cornwall Pasty Company* [Online]. Avilable at: http://sportcel.com/clients/west-cornwall-pasty-company [Accessed 26 December 2015]

Sriram, V. and Anikeeff, M. A. (1995). *Strategic Consistency And Performance: An Analysis Of Real Estate Developers*. Journal of Managerial Issues, 7(4): 435-448.

The West Cornwall Pasty Company (WCPC) (2015a). *Cornish Soul* [Online]. Available at: http://westcornwallpasty.co.uk/cornish-soul [Accessed 26 December 2015]

The West Cornwall Pasty Company (WCPC) (2015b). *The Bite* [Online]. Available at: http://westcornwallpasty.co.uk/the-bite [Accessed 26 December 2015]

TripAdvisor, 2010. *Fast Food in Norway* [Online]. Available at: http://www.tripadvisor.com/ShowTopic-g190455-i550-k3303095-Fast_Food_in_Norway-Norway.html [Accessed 1 January 2016]

World Health Organisation (WHO) (2015). *Nutrition Landscape Information System (NLiS)* [Online]. Available at: http://www.who.int/nutrition/nlis/en/ [Accessed 28 December 2015]

United States Department of Agriculture (USDA) (2012). *Norway: Food and Agricultural Import Regulations and Standards - Narrative* [Online]. Available at: http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Food%20and%20Agricultural%20Import%20Regulations%20and%20Standards%20-%20Narrative_The%20Hague_Norway_6-7-2012.pdf [Accessed 28 December 2015]

XE (2015). *XE Currency Converter* [Online]. Available at: http://www.xe.com/currencyconverter/ [Accessed last 28 December 2015]

10. Appendices

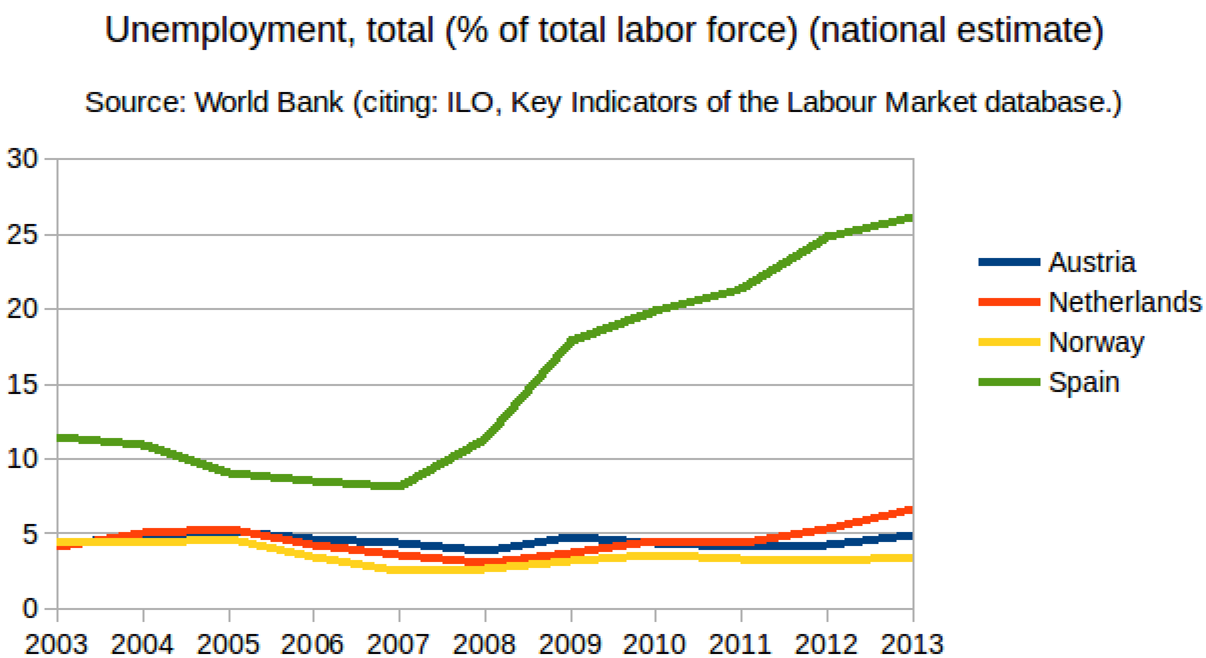
10.1. Abbreviations

CIA	Central Intelligence Agency (of the USA)
EU	European Union
EEA	European Economic Area
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
ILO	International Labour Organisation
IMF	International Monetary Fund
PESTLE	Political, Economic, Social, Technological, Economic (factor analysis)
PPP	Purchasing Power Parity
WCPC	West Cornwall Pasty Company
WHO	World Health Organisation

10.2. Graphs and Tables

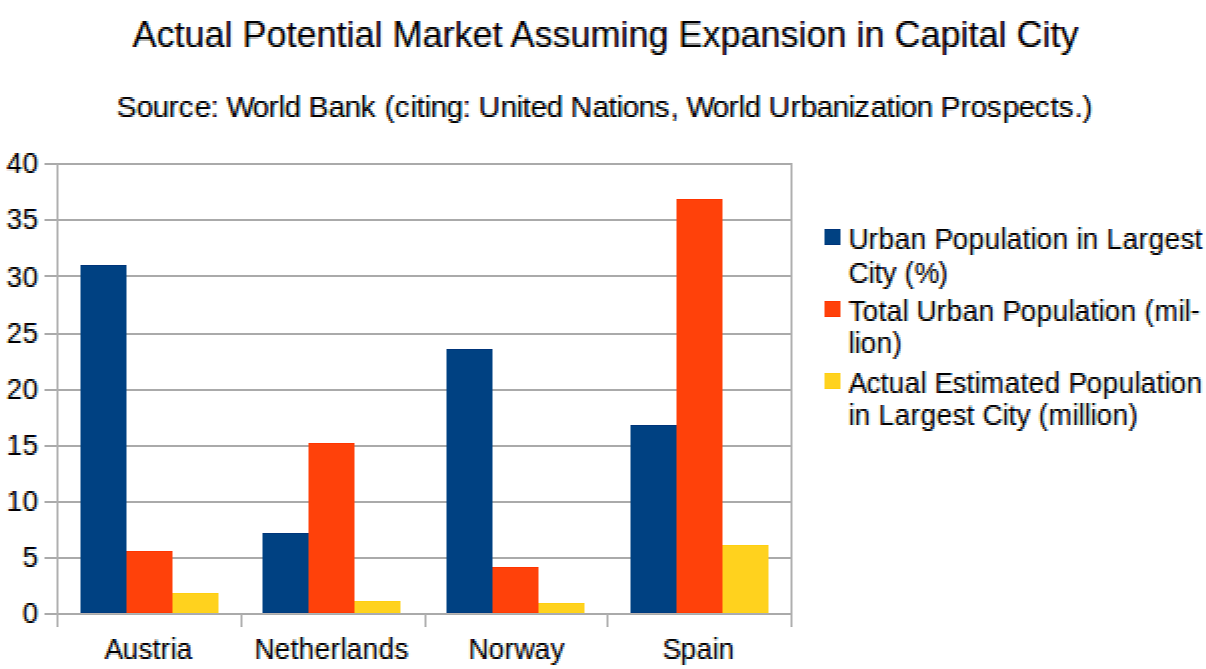
Please find following the graphs and tables referenced in the report.

Appendix 1



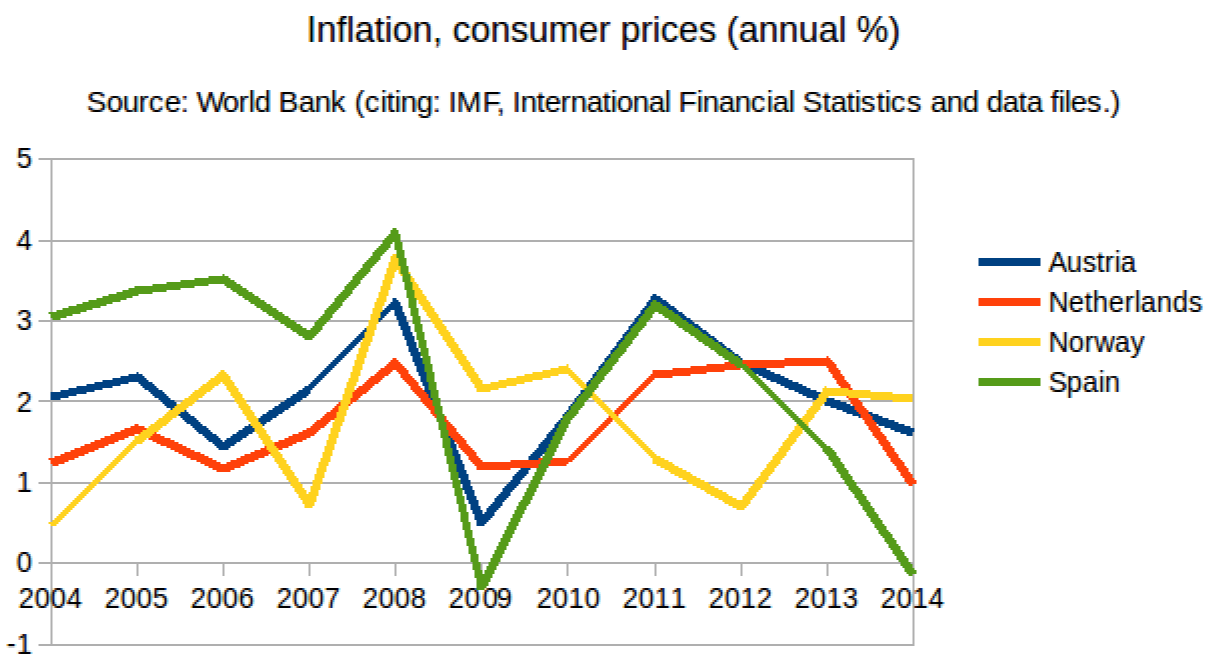
Unemployment, total (% of total labor force) in 2013: Austria: 4.9; Netherlands: 6.7; Norway: 3.5; Spain: 26.1.

Appendix 2



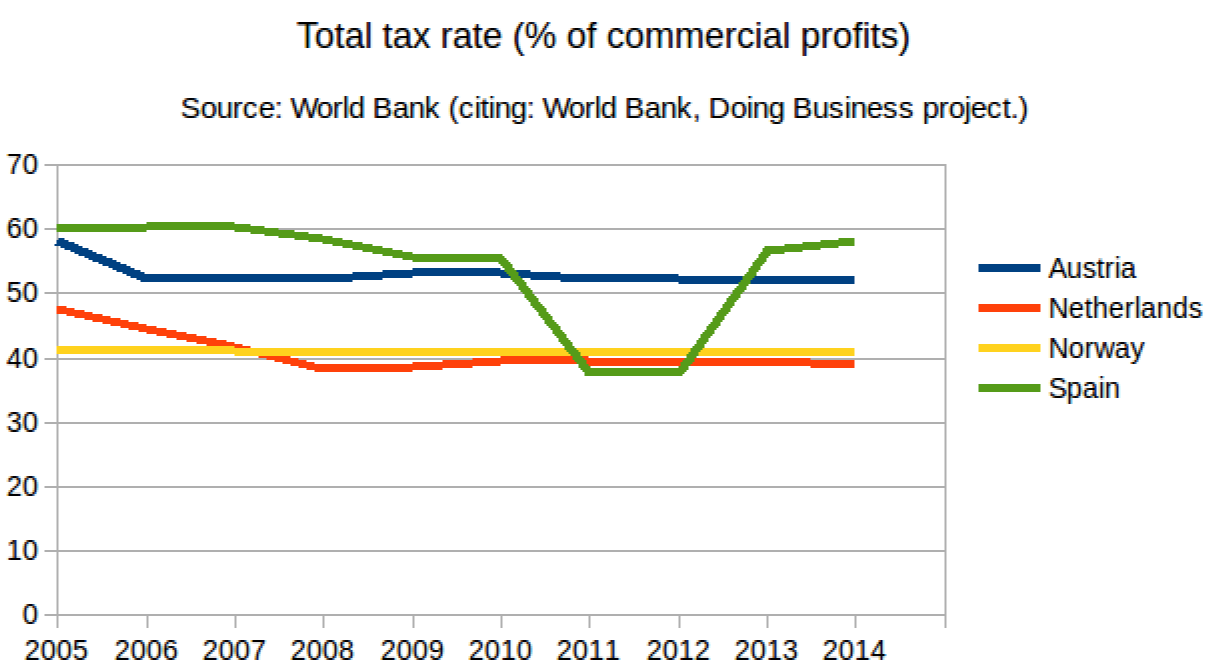
Urban Population in Largest City (%) in 2014:	Austria: 31; Netherlands: 7.15; Norway: 23.5; Spain: 16.7.
Total Urban Population (million) in 2014:	Austria: 5.6; Netherlands: 15.1; Norway: 4.1 ; Spain: 36.8.
Actual Estimated Population in Largest City (million):	Austria: 1.7; Netherlands: 1.1; Norway: 0.9; Spain: 6.1.

Appendix 3



Inflation, consumer prices (annual %) in 2014: Austria: 1.61; Netherlands: 0.96; Norway: 2.03; Spain: -0.15.

Appendix 4



Total tax rate (% of commercial profits) in 2014: Austria: 52; Netherlands: 39; Norway: 40.7; Spain: 58.2.

Appendix 5

Country Comparison Scorecard

Country:		Austria			Netherlands			Norway			Spain		
Metric	Weight	Figure	Rating	Score	Figure	Rating	Score	Figure	Rating	Score	Figure	Rating	Score
Annual GDP growth rate (%)	9	0.3	1	9	0.87	1	9	2.23	3	27	1.39	2	18
Annual GDP/capita, PPP (INT$)	13	46165	2	26	47131	2	26	64893	3	39	33763	1	13
Unemployment rate (%)	7	4.9	2	14	6.7	2	14	3.5	3	21	26.1	1	7
Inflation Rate (%)	4	1.61	3	12	0.96	2	8	2.03	3	12	-0.15	1	4
Population in Largest City (mil)	10	1.7	1	10	1.1	1	10	0.9	1	10	6.1	3	30
* Obesity rate (%)	2	20.9	2	4	18.8	3	6	21.5	2	4	26.6	1	2
** Number of obesity & diet-related policies and programs	3	6	2	6	9	1	3	2	3	9	3	3	9
*** Average Annual Temperature (°c)	6	11	2	12	10	2	12	6	3	18	15.5	1	6
Ease of Doing Business Rank	5	19	2	10	27	2	10	6	3	15	32	1	5
Days to Start a Business	2	22	1	2	4	3	6	5	3	6	13	2	4
Documents Needed to Import	4	4	3	12	4	3	12	5	2	8	4	3	12
Logistics Performance Index	5	3.65	2	10	4.05	3	15	3.96	3	15	3.72	1	5
Total Tax Rate on Profit (%)	10	52	1	10	39	3	30	40.7	2	20	58.2	1	10
Trade Union Associations	7	EU	3	21	EU	3	21	EEA	2	14	EU	3	21
**** Currency Exchange Rate (GBP)	9	1.36	2	18	1.36	2	18	12.9	3	27	1.36	2	18
***** Physical Distance (freight: hrs)	4	18	2	8	10	3	12	23	1	4	20	2	8
Totals	100%			**184**			**212**			**249**			**172**

All data in blue sourced from the World Bank, except where indicated with an asterisk (see below). Latest available data of World Bank as of 31 December 2015 was used. World Bank data retrieved from World Statistics (Durr, 2015).
Data not sourced from World Bank, please see References for original sources: * Data sourced from CIA (2008); ** Data sourced from WHO (2015); *** Data sourced from Current Results (2015); **** Data sourced from XE (2015); ***** Data sourced from Google Maps

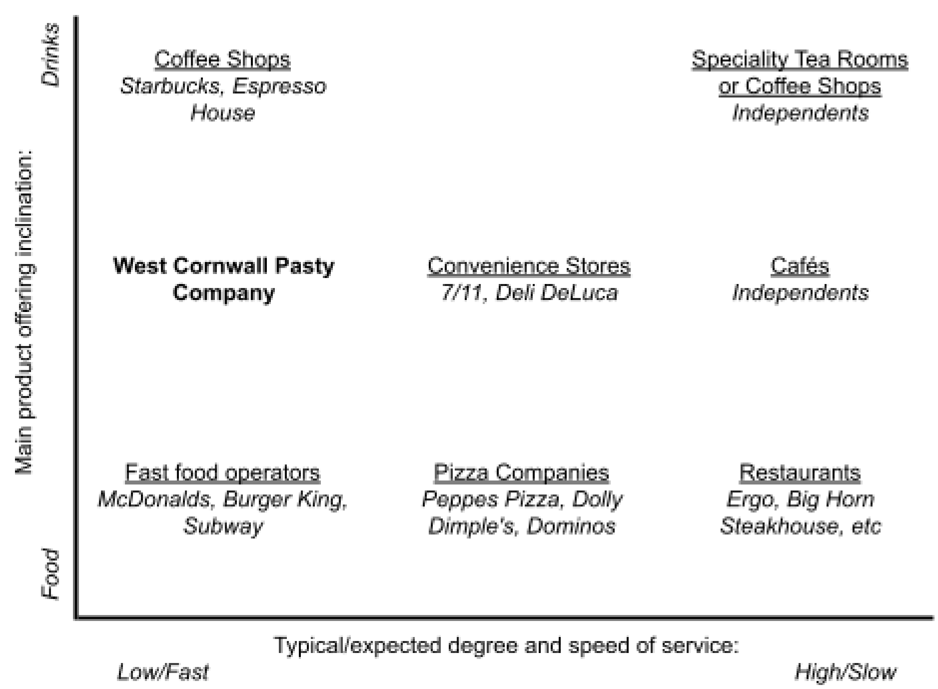
Appendix 6

Dunning's eclectic paradigm: representation of advantages per type of market entry

Source: Dunning (1981)		Categories of advantages		
		Ownership advantages	Internalization advantages	Locational advantages
Form of market entry	Licensing	**Yes**	No	No
	Export	**Yes**	**Yes**	No
	FDI	**Yes**	**Yes**	**Yes**

Appendix 7

Strategic group mapping for WCPC in Norway



Appendix 8

Map of Central Oslo
Source: Google Maps

Highlighted:
Ideal areas for the opening of a WCPC outlet