



International Marketing Plan for Detroit Bikes

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Executive Summary

To begin to construct the executive summary we must look into the SWOT analysis. Detroit Bikes must play to their strengths of having an incredibly reasonably priced bike for the outstanding quality. Entering into a market such as Germany where the buyers are willing to pay a premium will certainly help. The electric bike will make headway in the German market as it comes in at 23% of what Germans on average pay for their E-Bikes now. With opportunities such as the new biking highway & the rapid growth of people abandoning their cars for a cheaper alternative, this couldn't be a better time to enter into the German market. Germany also boasts an abundance of college students who need efficient means of travel when public transportation and their automobiles are not an option. Their biggest challenge will be entering into a new market where they are relatively unheard of. On top of this, they will be seen as an American company and Germans are more likely to buy German or other EU products due to their strong sense of loyalty. The overarching threat of tariffs will loom heavy on the shoulders of Detroit Bike to pair with outside competition from well-established brands will certainly be an uphill challenge. Next, we dive into the key marketing objectives. Imprinting brand loyalty amongst the customers is essential for any chance of success. Deconstruction of the preconceived notion that American products are inferior to that of German products. Establishing rapport with the younger generations to maintain habitual buyers. Target customers will be the 24-45-year-olds who will be able to buy the bikes from either retail bike shops or via the Detroit Bikes website. Although initially, it may be a weakness being known as an American brand once the Germans realize the superior quality product Detroit Bikes is able to produce they will be

swooning over the product and the uber affordable prices. Germans value efficiency and high quality, both are of which Detroit Bikes provide. Utilizing social media outlets in a very tech-savvy environment will be crucial for market penetration and generating sales. With the biking highway being built this serves as a perfect opportunity for the E-Bikes to flourish. A combination of ease of travel paired with affordability is sure to win the hearts and wallets of the Germans. Germany has a range of climates with ideal riding conditions coming in late spring, all summer, and early to mid-fall. Once the winter hits the roads will be snow-covered and the air will be brisk and cold. The hardcore bikers will continue during the freezing times, but the number of bikes bought will reduce drastically. Detroit Bikes will need to spend considerably on advertising their electric bike as a cheaper alternative in comparison to what's on the market already. Promoting the E-Bike will need to be the main focus to capture a sustainable amount of market share. Penetration strategy will allow Detroit Bikes to infiltrate the German market. Social media, word of mouth, and the bikes being seen in public will help grow the brand at a rapid rate.

Table of Contents

Introduction.....	6
Research Methodology.....	6
Situational Analysis.....	7
Company Analysis.....	7
Organizations Assets and Skills.....	7
German Business Environment/Market Analysis.....	8
Political/Legal/Institutional Environments.....	8
Regulatory Environment (Present and anticipated).....	8
Economic Environment (Conditions and Trends).....	9
Social and Cultural Environment (Factors and Trends).....	9
Demographic Environment (Data and Identification of Trends).....	9
Technological Environment (Factors and Trends).....	10
Natural Environment (Effect of Seasonal or Climatic Factors).....	11
Physical Environment (Infrastructure Indicators).....	11
Nature of Demand.....	11
Size and Extent of Demand.....	12
Product Category Stage of Product Life Cycle.....	12
Structure of the Industry.....	13
Cost Structure of the Industry.....	13
Competitive Structure of the Industry.....	14

Competitor Analysis (in the country of investment).....	14
SWOT Analysis.....	15
Internal Company Strengths and Weaknesses.....	15
External Market Opportunities and Threats.....	15
Implications of SWOT Analysis.....	16
International/Market Objectives.....	17
Recommended Marketing Strategy.....	17
Target Markets Identification and Segmentation Strategy.....	17
Market Positioning.....	17
Market Entry Strategy.....	18
Marketing Mix Strategies and Tactics.....	18
Product/Service and Branding Strategy.....	18
Place (Distribution) Strategy.....	19
Price Strategy Structure.....	19
Promotion Strategy (including Promotional Budget).....	20
Planning Budget.....	21
Planning Assumptions.....	21
Forecast Sales (and Market Share) and Costs (Capital, Operating, Marketing, etc).....	22
Forecast Profitability (or Break-Even Analysis).....	22
Sensitivity Analysis (incorporating contingency issues).....	22
Implementation and Control.....	23
Formal Project Plan for Implementation of Recommendations.....	23
Monitoring of Action Plan.....	25

Contingency Plan.....	25
References.....	27
Appendices.....	32
Situational Analysis.....	32
SWOT Analysis.....	33
Evaluation of Alternative Marketing Strategies.....	33

Introduction

The American company that we chose is Detroit Bikes located in Detroit, Michigan. Detroit Bikes is a bike company that designs and manufactures commuter and electric bikes. In our international plan, we decided our target country to sell these bikes is in Germany. We decided Germany to be our primary entry into the European market because of the high reliance on bikes as transportation in Germany. We primarily want to target young adults who value high-quality and American made products.

Research Methodology

For our research we used secondary resources ranging from websites that gave detailed information into the German market, ideal strategies for how to enter into a market, articles on average costs of bikes as well as what German customers normally pay, as well as a Forbes article that interviewed the founder of Detroit Bikes. A heavy amount of research went into what made Detroit Bikes stand out from the rest of their competition as we need to market them as a unique product. We needed to extensively look into the business environment and regulations that Detroit Bikes would be facing within Germany and the E.U. as a whole. Aspects such as the size of the market and what individuals are willing to pay were key focuses. At the conclusion of our research we found Germany to be an ideal market due to their climate, abundance of bike friendly roads and highways, their biking culture, their purchasing habits, their desire for quality, & their need for more efficient transportation.

Situational Analysis

Company Analysis:

Founded in 2011, Detroit Bikes is a bike company located in the City of Detroit, MI. They design, manufacture, and buy all their materials in America. They provide several different bike-related services to a variety of customers. They believe in making high-quality bikes through the best materials because they take pride in their hand made bikes. They are mostly a bike frame manufacturer making the highest quality commuter bikes with their name brand. This company takes great pride in being located in Detroit, with its long history of exemplary manufacturing and design.

Company's Assets and Skills:

Detroit Bikes owns a 50,000-foot factory that produces 150 bikes per day and assembles 400 bikes per day (Detroit Bikes). They do everything from assembling, welding, distribution, and manufacturing their bikes. They make their bikes out of high-quality American Chromoly steel which is both strong and light-weight. This is perfect for commuter bikes and the higher quality differentiates them from other bikes that are made of cheaper low-quality steel. American Chromoly steel is so strong that it's often used to make race car roll cages (Detroit Bikes). They are also skilled in making custom bikes/brands and offer a wide variety of colors and sizes. Currently, they operate the only functional large-scale bike frame factory in America where they offer OEM manufacturing, where all their bikes are completely assembled and packaged in Detroit (Detroit Bikes). Nearly 100% of their bikes are American made.

German Business Environment/Market Analysis:

Political/Legal/Institutional Environments:

Germany's political system functions based on democracy, to be more specific Germany is a federal parliamentary republic. Much like the United States, Germany's multilateral political system has been dominated historically by two main parties, the Christian democratic union and the social democratic party of Germany. Germany has been part of the European Union since 1993. With that being said, Germany has membership within the United Nations, NATO, G7, G20, and the OECD. When considering Germany's legal environment it can be noted that Germany is a constitutional state which emphasizes individual liberty within human and civil rights. This liberty is awarded equally between foreign nationals and citizens when dealing with legal matters. As stated by Rita Exter, Author of *Legal research in Germany between print and electronic media*, "German law is governed by the federal nature of the Federal Republic of Germany and is thus not dissimilar to legal systems such as the ones in the United States or Australia." (Exter, 2008, para.7). In essence, the German market is open for an investment of any kind, although the federal ministry for economic affairs and energy has the power to check and balance business. To follow, Germany does not restrict the export or import of capital. All individuals or businesses must report to the federal bank, and all businesses must follow within European union guidelines.

Regulatory Environment (Present and anticipated):

A limited liability company, which is the business model Detroit bikes use, must adhere to the 'share capital agreement to create a limited liability company and must encompass no less than 25,000. Euros. With this said, it is also required to create an agreement with the

shareholders to effectively and promptly notarize the agreement itself through a notary public and to create the business legitimately. More specifically, the following regulatory steps are also required. First, you must be able to register a current address to which you live. Secondly, individuals participating in this business within Germany (owners) must have German bank accounts. To follow a business will need a trade license as well as a citizens visa.

Economic Environment (Conditions and Trends):

Germany's economy is highly advanced and can be noted to be a social market economy. Germany currently has the largest economy in Europe, while also having the fourth-highest GDP in the world. In 2017 Germany was responsible for 30% of the entire EU economical gain. LLC's are the most common form of businesses in Germany.

Social and Cultural Environment (Factors and Trends):

It is important to take note that German is the most spoken language in Germany, as well as several dialects depending on the region a person resides in. Most Germans are multilingual and speak languages such as English and Danish. The language that is spoken in a region also depends on if people live near the border(s) of a European country (Zimmerman). When selling bikes, it would be a good idea to not have stores open on Sundays since it's customary for German's to use their Sunday as a day of rest. German's have a high value in punctuality, environment consciousness, respecting laws, and being addressed properly (Passport to Trade). So, when distributing bikes it will be important to make sure they are delivered promptly. The bikes would also be more valued to Germans since it's an environmentally friendly product.

Demographic Environment of Berlin, Germany (Data and Identification of Trends):

In 2019, Berlin has seen a growth of about 19,170 residents in 2019. "It has also increased about 39,501 babies. It is a very young city with 55% of the population is younger than

45 years of age with an average of 42 years of age” (Berlin-Brandenburg office of statistics,2020, P. 1). It is the largest city in Germany with more than 3,7 million residents with 49.5% male and 50.5% female. The Economy of Berlin was a major manufacturing center and the economic and financial hub of Germany. With this being said, Berlin has many jobs in the financial district in which people can benefit from the A and B Commuter Bike. The economy of Berlin is dominated by the service sector with 84% of all companies doing business and services. Berlin has an income of 26,801 per capita, with a median of 51,875 per capita.

Technological Environment (Factors and Trends):

Germany is one of the most technologically advanced countries in the world. They heavily value education which leads to innovation. Alongside education, Germany allocated about eighty billion for research and development. The Renewable Energy Act of 1990 that Germany set in place tries to encourage people to use renewable energy, and “is considered the fourth greenest country” (Schoeman, 2016, p. 1). Germany finds it very essential to invest in what is good for the country, and “In 2010, Germany invested 10 billion euros into renewable energy... furthermore, 94% of Germans see renewable energy as vital”, and this shows how important it is for Germany to work on becoming an even greener country (Schoeman, 2016, P.1). This is a very good indicator that the people who live in Germany care about the environment, which means bikes have to be in their modes of transportation. The majority of Germans use the internet which clocks in at about “90% of the population”, and about “88% of Germans” use mobile phones. (Betts, 2020, p. 1). These numbers seem as though they are roughly close to what they are in the United States. This gives a good similarity between the two countries and will overall help the process of advertising our product.

Natural Environment (Effect of Seasonal or Climatic Factors):

Germany is considered to have a temperate climate, which means there is a wider temperature change throughout the year. There are cold winters and warm summers with temperatures getting as cold as 38 degrees Fahrenheit and as warm as 72 degrees Fahrenheit. Throughout Germany, there are numerous mountains and hill areas and in these areas, there is a lot of variation in weather. The best time to cycle in Germany would be “early spring until late autumn” (Easy Bike Tours, 2018, P.1). Germany has a great climate for biking, and about “80 percent of the population in Germany own bicycles” (Easy Bike Tours, 2018, P. 1).

Physical Environment (Infrastructure Indicators):

Germany's infrastructure consists of many modes of transportation. They have one of the best public transport systems in Europe. These include train, car, bus and air. Many Germans also bike, they are allowed to bike on “all roads and highways but not the autobahns' ' (Lonely Planet, 2019, p. 1). In fact, “Last November, politicians, environmentalists, and bicycling enthusiasts gathered in Mülheim in Germany’s Ruhr Valley — one of Europe’s major industrial centers — to open the first 11 kilometers (7 miles) of a planned 100-kilometer biking highway that will run from Hamm to Duisburg" (Christian Schwägerl • February 18 et al.). This new highway is exclusively for cyclists and will go through cities, farmland, industrial areas, and will connect four main universities” (Christian Schwägerl • February 18 et al.). A lot of people will ride their bikes and also take their bikes on the train, but not all trains can hold bikes and most have a bike rack. They have many bike rental places and many people take advantage of this.

Nature of Demand:

1817 is the year a simple two-wheeled “running machine” first hit the streets of Germany. Since its inception bikes have been in abundance throughout the country. As of 2017, there were 72 million bikes amongst the 82 million inhabitants. A 2018 survey found that “9.2 percent of the German population hopped on a bike daily, while 18.2 percent did so several days a week” (Koptug). With Germany having an overload of gorgeous areas that are bike-friendly paired with a hefty student population, bikes are the ideal vehicle for getting around. The German government is researching placing greater funds into their sustainable public transport of which bikes play a major role. We see throughout major cities in Europe this is a common trend as more cities want to rely less on fossil fuels. Bike rentals shops are openly available to tourists and locals alike further encouraging the biking culture. Europe has copious amounts of old streets that bikes are ideal for as they don’t deteriorate them. With COVID hitting cities hard the citizens are longing for spending time outdoors and exercising. Sales in 2019 rose 34% amounting to €4.2 billion. Customized bikes were among the most highly desirable.

Size and Extent of Demand:

More than 80% of the country rides a bike as a mode of transportation, and “In 2018, 9.3 percent of the German population hopped on a bike daily, while 18.2 percent did so several days a week” (Statistica). The demand for bikes in Germany is higher than ever with the impact of COVID. With a move away from close encounters the population is leaning towards bikes as their main mode of transportation. The demand for bikes in Germany is increasing at a decent rate because “The bike trade in Germany has been flourishing for quite a while with sales rising 34% to €4.2 billion in 2019” (DW).

Product Category Stage of Product Life Cycle:

Detroit Bikes have many different types of bikes. They currently are out of stock of five different models of bikes. The Sparrow-Commuter, A-Type Commuter, B-Type Commuter, U.S. Chromoly Cortello, and the U.S. Chromoly A-Type Bikes are all sold out. These bikes would be in the maturity stage of the product life cycle. They have just released a new electric bike which is part of the introduction stage but will be going into the growth stage because electric bikes are the new hot product. The brand of Detroit Bikes has been around since 2011 so the company has been around for a while. With this being said the company is in the maturity stage but with the invention of the electric bike they will be able to remarket themselves if needed.

Structure of the Industry:

In terms of the structure of the industry, Giant is the top bike seller of 2020. With Covid-19 there has been a significant demand for road and mountain bikes. With people wanting to get more exercise outdoors there is a significant demand for bikes. There is also a higher demand for bikes as people see how much pollution a car can give off and therefore biking is healthier for us and our planet. There are two distribution channels in which you can sell bikes and they are online and offline. There are also different types of bikes and they consist of On-Road, X-Road, Off-Road, and Electric bikes. In terms of the pricing model the low-cost product, medium cost products, high-end product.

Top 5 bike brands:

1. Giant
2. Diamondback
3. Trek
4. Cannondale
5. Specialized

Cost Structure of the Industry:

The average electric bike ranges anywhere from \$400-\$2,000 depending on make and model. To go along with the initial buying price other factors need to be taken into account maintenance costs: Tune-up after 500 miles, \$75-\$100. Occasional flat tire, \$10-\$20. Brake adjustments \$20-\$35. (Swagtron). Charging costs are very reasonable averaging a light 13.45 cents per kilowatt-hours. Considering the most common battery is the 36-volt 10Ah battery the cost to fully charge your bike is \$.05. Currently, in Germany, they are dealing with backorders causing the cost structure to be distorted. This is directly an effect of Covid-19.

Competitive Structure of the Industry:

With the bike market being so flooded introducing an American-made model will be severely difficult. Take for example the leading bike trade show in Europe is held in Friedrichshafen Germany every summer. “42,000 trade visitors and almost 35,000 bike fans came to the fair in 2016” (deutschland.de). An American brand will not possess the same advantages in comparison to that of a model built within Germany’s borders. However, even with trade shows and stiff competition, there is a glimpse of hope as the bike factories within Germany are experiencing a drought that is predicted to last until fall 2021. This presents a clear opportunity for an American company to come in. The problem the German market is having is that their manufacturers are having difficulties in adapting to the complexities that come with producing electric bikes. Considering a third of all bikes sold in Germany are electric if the local brands are not able to produce at more cost-friendly prices they are sure to fail. One problem that an American company entering into German territory may face is having to face export taxes. This will inevitably raise prices making it harder to compete against local brands. For Detroit Bikes to find the success they will need to produce a bike that is

Competitor Analysis (in country of investment):

The analysis of the competitive market in Germany is fairly straightforward. According to researchandmarkets.com, it is predicted that within the electric bike market the cargo bikes will experience the highest growth due to a rapid spike in “time-critical deliveries, such as parcels, mail, and smaller shipments in the industries of food, building, and logistics” (researchandmarkets). Giant Group is leading the way in sales for electric bikes even with the pandemic going on. Their revenue amassed 63.4 billion with the majority stemming from European nations. Even the pandemic Giant Group is enacting creative strategies to ensure operations are still operational. Shortening supply chains, enhancing logistics efficiency, Other companies such as Diamondbacks have had massive success in Germany where they accounted for 1.36million bikes sold within Germany. 33% Growth and 4% market share. (Cycling Industry) .

SWOT Analysis

Internal Company Strengths and Weaknesses:

Some strengths of Detroit Bikes that we found are that they produce bikes quickly and that they personalize and offer cheaper pricing of their commuter and electric bikes. Detroit Bikes are also made of strong but light American Chromoly Steel as well as their electric bikes have long-lasting battery power. One of the weaknesses that Detroit Bikes faces is that they have to make adjustments to their power chargers for European outlets. Detroit Bikes is an unknown American brand name in Europe so it will take time to establish themselves in the bike market in Europe. There is also currently a financial strain on expendable income for current consumers during these unprecedented times. Refer to the SWOT Analysis in the Appendix on page 33 for more Strengths and Weaknesses.

External Market Opportunities and Threats:

One opportunity Detroit Bikes can take advantage of is the new biking highway built in Germany. The current need in the market for affordable/no-contact transportation. German factories currently cannot produce cost-efficient E-Bikes. Some threats that Detroit Bikes faces are from local/online bike companies in Europe (strong brands). Train, electric scooters, cars, and other modes of cheap transportation Rental bikes companies and high tariffs and transportations costs with the EU. Current laws on electric transportation in Germany. Refer to the SWOT Analysis in the Appendix on page 33 for more Opportunities and Threats.

Implications of SWOT Analysis

A few things that we can conclude from our SWOT analysis is that Detroit Bikes should take advantage of the opportunity of the newly built biking highway. This will further drive the need and desire for people who wish to buy a bike to replace their current mode of transportation. Detroit bikes are made of high-quality materials, cheaper than European bikes, and environmentally friendly, which German consumers would be looking for in this product. They also can take advantage of the opportunity of establishing themselves as the superior brand with electric bikes.

A major thing that Detroit Bikes must take into consideration is finding a way to change the charger to be user friendly with European outlets. Or even finding an alternative way of powering their electric bikes all together so that they don't have to go through the process of making two different power outlets for their electric bike consumers (such as maybe using solar power as a power source). Detroit Bikes will also have to be very mindful in how they penetrate the current biking market that is already established by European bike companies. Marketing themselves as American made bikes that are affordable could be to their benefit since German's

tend to value American made products that are reliable.

International/Market Objectives

1. Brand loyalty within the country/recognition, Germany as a springboard to other international markets.
2. Persuade the German buyers that an American bike company is up to par if not better than what they have for German brands.
3. Get the younger generations to be buyers, therefore they'll be more likely to continue to buy the product for the duration of their lives as well as spread the good word about it.

Recommended Marketing Strategy

Target Markets Identification and Segmentation Strategy:

Our target market will be in the age range of 20-45. We are looking for an everyday commuter that is environmentally conscious. They live in a large city where using a bike is more efficient than calling an uber or walking to work. They are health-conscious and know that riding a bike to work is a lot better for their bodies, heart, and mind. Refer to the pictures in the Appendix on page 32.

Market Positioning:

In terms of marketing positioning, we want to market our product in large cities throughout German. Cities such as Berlin, Hamburg, Munich. These are the top three largest cities in Germany. Refer to the pictures in the Appendix on page 32. Our product, in relation to

other bikes, is very affordable in price and even our electronic bike is more affordable than the high name brand electric bikes. We want to advertise on social media like Instagram, Facebook, Twitter, and Xing. These are major social media platforms used in Germany on which we can post advertisements on.

Market Entry Strategy:

For the market entry strategy, we would do direct exportation where the company would take care of all the shipping goods to the international markets. We would not need to worry about licensing because we would be doing all of our exports through online and offline distribution. We have a website in which people can go and browse and buy individual bikes and ship them to their homes. We will also distribute the bikes through stores in the major cities where people can test out the product before purchasing.

Marketing Mix Strategies and Tactics

Product/Branding Strategy:

To bring consumer awareness to Detroit Bikes, it will be important to highlight the product's distinctive features that make it unique compared to other bike brands in Germany. The biggest branding difference is making it known that Detroit Bikes are American made. This is a positive selling point to many Germans who feel that American made products generally have better features. The consumers we are targeting are willing to try and use American made products if they feel like it is better quality and price than other brands. To distinguish the quality Detroit Bikes should brand their bikes as being made of very strong but yet still lightweight because of the superior steel they use to make their bikes. They also offer lots of options in colors, styles, and sizes with their brand than other biking companies. Their Electric bike is also

at a way lower cost than e-bikes in Germany. Detroit Electric Bikes' top speed is 28 km/hr with a range of 40 km and a Samsung lithium Battery of 280.8 Watt-hours with a rustproof KMC chain (Detroit Bikes).

Place (Distribution) Strategy:

To distribute the Detroit Bikes the most beneficial route is to have multiple distribution channels. The first channel of distribution would be from Detroit bike (the manufacturer) to a distributor then to a retailer who then sells it to the customer(s). Since Detroit Bikes would be selling outside of America they do not have the insight on how to ship and sell bikes in Germany. Finding a distributor and retailer(s) would be a great benefit in getting the bikes to customers quickly. Although this would only be beneficial to just a fraction of the consumers in Germany. While looking at a map of bike retailers located in Germany, most retailers are located in cities far and few in between compared to bike retailers in the states. So by also having the distribution channel by selling the bikes from the manufacturer to the customer directly would allow Detroit bikes to sell to more consumers. Since consumers all over the world are buying more online, the consumer can gain more value in the individual customization of their bikes on the website when they order directly from the manufacturer. This will also cost less for both Detroit Bikes who won't have to pay to a distributor and retailer and the consumer will be paying less for a bike from the states than they would be in Germany. Detroit Bikes would not have to go through and pay for a distributor and a retailer, while the consumer would be paying less for a customized bike from America than in Germany. So, having an intensive distribution strategy will allow Detroit bikes to penetrate the bike market in Germany both in large cities and rural communities.

Price Strategy Structure:

In Germany, there is a huge percent of the population that own bikes, allowing us to have a good-sized market. Their competitors are selling regular bikes at similar if not higher prices. Detroit Bikes sells their electric bike for only \$899, while Trek, one of Detroit Bikes' competitors sells their electric bike for around \$2,000 which is on the lower side, Cannondale sells their electric bikes for \$7,000-\$10,000. Detroit Bikes has a lower price for its electric bike by several thousand dollars, because of this we can captivate consumers with a substantially lower price and higher quality. Using penetration pricing would help get the consumer's attention at the low price in hopes that they will switch to Detroit Bikes and help spread our market by word of mouth.

Promotion Strategy (including Promotional Budget):

To promote Detroit bikes in Germany, some regulations need to be followed. In Germany advertising is not governed by a comprehensive law, which means that "The Unfair Competition Act (UWG) constitutes the central framework of rules governing market behavior and refers in particular to advertising" (Brunn, 2019,p.1). UWG's main goal is to protect consumers, competitors, and others involved in unfair commercial practices. There are also specific regulations depending on the product or service that falls into different communication channels. "Broadcasting is, in particular, subject to advertising limitation rules. Restrictions can be found in the State Broadcasting Treaty (RStV), the state media laws, and the Interstate Treaty on the Protection of Minors (JMStV). Also, the state media authorities have published several guidelines for advertising activities, product placement, and sponsorship, particularly on television. However, these provisions only take effect in their administration and are not binding on the courts. Advertising in the press is governed by the special provisions of the State Press

Acts.” (Brunn, 2019, P.1). Ultimately there are specific restrictions for commercial marketing to internet and email marketing. Facebook will be the main social media promotion that will be used, there are 39.84 million Facebook users in Germany, it is unknown what this will cost because it depends on clicks. To succeed we will need to highlight product attributes such as quality, price/value, safety, performance, and so on. These bikes are being made with steel that is used to make race cars which is an attribute to capitalize on. This means that they are good through all weather conditions. Each standard bike is about 30-35 pounds and a much lighter version called the sparrow, which comes in at about 22 pounds. By also running TV commercials, as well as putting up billboards in bigger cities such as Berlin we will be able to hit our target age demographic of 20-45-year-olds. The cost of a thirty-second commercial varies dramatically but is mostly based on the demographic that is trying to be reached, but it can vary between \$50 to \$20,000. Advertising on a billboard also has a varying cost that also depends on demographic, circulations, and impressions and can range from “\$750-\$1,500 in rural areas and \$1,500 to \$2,000 in small to midsize cities, and \$14,000 and up in larger markets” (Main, 2020).

Planning Budget

Planning Assumptions:

Adjusting to the EU’s conformity assessment framework and realizing that the international standards for exports will not work in the E.U. even though the international standards may meet or exceed the objectives set forth by E.U. legislation. (ustr.gov). The E.U. has its own set of standards that need to be met to a tee if exports wish to enter their market. The first step in complying with E.U. regulations for Detroit Bikes will be to gain the “CE Mark” to be sold throughout the EU. Once the “CE Mark” is obtained Detroit Bikes will have free-flowing access into the E.U. market which will help their sales skyrocket. To gain the “CE Mark” a

manufacturer must:

- Ensure conformity with all relevant EU-wide requirements
- Determine whether you can assess your product by yourself or if you have to involve a notified body
- Put together a technical dossier documenting conformity: find out about technical documentation
- Draft and sign an EU declaration of conformity (ec.europa.eu)

Forecast Sales (and Market Share) and Costs (Capital, Operating, Marketing):

The materials of the bikes themselves cost anywhere from \$250-200. The steel in the frame is \$50 and parts are between \$200-150. Opening a bike shop in Germany before taxes and fees will average at around \$150,000 therefore Detroit Bikes has two options to enter into the market. Without undergoing further debts their best bet would be to place their bikes in multiple shops throughout major cities contingent on the bike shops earning a fixed percentage on the sales of their bicycles. Or starting their own bike shop, but the initial debt will play a factor in their revenue stream by reducing profitability, in due time Detroit Bikes will net positive returns.

Forecast Profitability (or Break-Even Analysis):

In an interview with Forbes magazine CEO of Detroit Bikes, Zach Pashak, said how to generate a profit 10,000 bikes need to be sold (Forbes, Pashak). The average price for their bikes is \$762.33. In comparison, the average German buyer pays €982 per bike. (cycling industry.news) This average is calculated by finding the mean price of all Detroit Bike's available bikes. Therefore to be profitable Detroit Bikes would need to generate

\$7,623,333.33 in revenue. This is absolutely an achievable figure to hit with the proper marketing and sales strategy set in place.

Sensitivity Analysis (incorporating contingency issues):

In 2019, Germans bought 4 million bikes, therefore if Detroit Bikes can capture .25% of the German market they will be able to turn a profit. With 1.39M coming from electric bikes this seems to be Detroit Bikes' greatest opportunity to capitalize on the market and make a new for themselves. The gross revenue of bicycles in Germany amassed 4billion. 4.23billion to be exact. (dw.com) The average cost of an electric bike is 3,287 euros per bike. Compare this to Detroit Bikes electric model which comes in at \$899. With an electric model that comes in at just 23.5% of the average price electric bike, Detroit Bikes electric model will be able to compete at a very high level. There are twenty-four bike manufacturing companies throughout the German borders. For Detroit Bikes to stay authentic they will need to remain to be produced within the United States and export their bikes rather than have them be produced in Germany. As this is cost-ineffective, remaining true to their "Made in America" mark is a key to their success as they will remain a genuine product of the United States of America.

Implementation and Control

Formal Project Plan for Implementation of Recommendations:

When considering the most effective way to implement Detroit bike's marketing plan we must take into consideration many external and internal factors relevant to the company itself. To begin, Detroit bikes is a smaller bike company that is still gaining traction domestically, this means that when considering our expectations for the development of their business in Germany, we must keep in mind that it is very much a marathon, not a sprint. As stated in our recommendations for the marketing strategy, our target age demographic is 24-45-year-olds who

are conscious of environmental issues and who see both electric and nonelectric bikes as a substitute for car use.

When considering how to actualize this recommendation into a form where we can implement it, the first thing that comes to mind is advertising. Advertising is a key component in effectively targeting specific demographics. With that being said, we believe the advertisements for Detroit bikes within our german market should be focused around rethinking transportation to more environmentally friendly choices, like riding a bike, and should also showcase members of the german society that are within our age demographic. We believe that Detroit bikes has the budget to sufficiently run both T.V advertisements and strategically placed billboard ads in the bigger cities such as Berlin. Advertising via social media is also a must for Detroit bikes.

In congruence with our plan to increase advertising, consumer awareness for Detroit bikes within the big cities will also be a focal point to our success. With this in mind, we feel that immediately building a strong social media presence that is structured specifically for our german market is essential. To do this, we found that it would be highly effective for Detroit bikes to host an event in Munich, outside of one of our stores. This event could be promoted to bikers as well as anyone interested in biking. During the event, we would have to make sure to promote Detroit bikes' social media pages and offer an incentive such as a free beer in exchange for a friend request or follow. As an outcome from conducting secondary research in Germany, we found that Facebook is a significant platform that is used by Germans more than any other form of social media. With this in mind, we can make sure to emphasize the use of Facebook which will allow us to effectively execute the implementation of our advertising campaigns.

When considering how exactly we will implement the more logistically complex functions of entering the market, we believe that our budget will allow us to hire out a third party

business logistics company such as Red Hawk Global to which pride themselves on quickly expanding small companies that need freight shipping, storage, and distribution help world wide. As it can be understood, hiring out a third-party logistics company is not cheap, yet we believe that a seamless transition into our german market is worth the money spent upfront. German culture tends to respect high organization skills and thorough business planning. With that in mind, we believe a third party logistics company could grant us both organization and a smooth transition into our german market.

With that being said, another obstacle Detroit bikes will have to navigate when considering the execution of their marketing strategy is the language barrier between German and English speakers. Through the research our team has conducted, we believe we have found a solution to this problem. Our solution is for Detroit bikes to hire a designated overseas business translator in the communicative aspects of implementing our business. This translator would aid in some of the more logistically complex functions that coincide with taking Detroit bikes overseas. executing our heavy we believe that it would be highly effective to diversify our overseas work staff. Hiring German citizens who speak both German and English would be a great step in doing this as well as sufficiently decreasing the language barrier and giving the store a local, rooted feel.

Monitoring of action plan:

To sufficiently monitor the execution of our action plan, we will need to first implement recurring review dates to which accountants, advertising representatives, and other areas of the team will come together and review current productivity and overall progression and setbacks. With that being said, we also believe that it would be highly effective to set up a budget tracking system that allows for higher intellect and awareness on budgeting issues and insights. Bizview

is one leading software that specifically helps businesses track and monitor their current assets and available funds, aiding with making financial decisions.

Contingency plan:

When considering the potential risks that come with moving a business overseas, a few rather prevalent ones come to mind. To begin, the current state of the pandemic internationally makes it difficult for any small businesses to make money, much less a small business that just moved into town. To try and navigate this potential risk, Detroit bikes will have to be extremely thorough in their execution of the marketing strategies and implementations.

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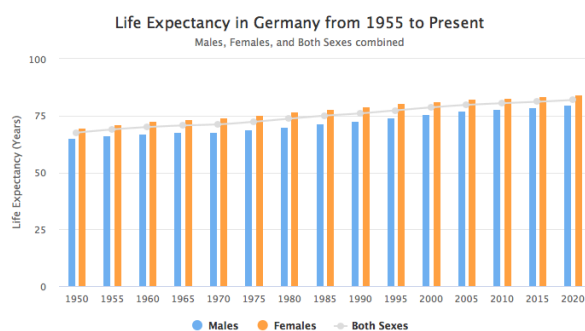
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Appendices

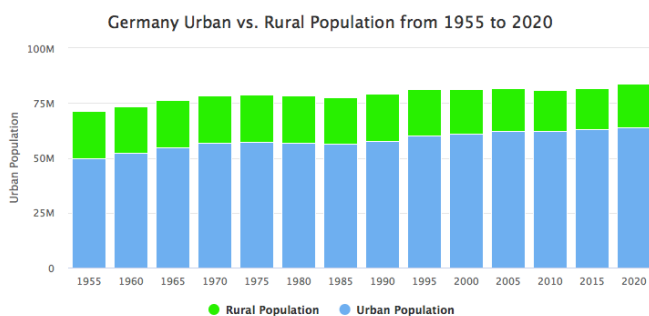
Situation Analysis:

Index	Berlin	National
Income per capita	\$26,801	\$29,829
Median household income	\$51,875	\$55,322
Median income owner occupied	\$61,177	\$70,586
Median income renter occupied	\$35,288	\$35,192



Germany Urban Population

Currently, **76.4 %** of the population of Germany is **urban** (63,787,507 people in 2019)



SWOT Analysis:

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> ● Fast production of bikes ● Offer personalization and a variety of colors, sizes, and types of bikes ● Made of the highest quality of steel (American Chromoly steel) ● Hand-crafted bikes ● Incredibly reasonably priced for the quality ● Reasonable production cost within their factories ● Electric bike <ul style="list-style-type: none"> ○ Environmentally friendly ○ Faster transportation 	<ul style="list-style-type: none"> ● Unknown bike company outside of USA ● Brand loyalty will be difficult to overcome ● Being an “American” company may initially turn off potential buyers ● Would have to be made in America and ship overseas. ● Tariffs and transportation ● Current financial situation, fewer people have expendable income. ● If using the electric bike the power charger will have to be adjusted for European outlets
OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> ● The new biking highway ● Currently, the German factories are struggling to produce cost-efficient electric bikes. ● More city people looking to abandon their cars and look to solely bicycles ● An influx of college students who need a way to travel at affordable rates 	<ul style="list-style-type: none"> ● Other bike shops/companies in Europe (Giant, Diamondback) ● Other forms of vehicles, electric scooters, segway, hoverboard, electric longboards ● Uber ● Rental Bike Companies LimeBike, Blue Etc. ● High taxes/tariffs with the EU (depends on political climate/trade war) ● Laws on electric transportation in Germany ● There are bigger bike companies

Evaluation of Alternative Marketing Strategies:

Looking at alternative marketing strategies another possible demographic would be men and women ages 50-75. Commuter bikes are very easy to ride around the street and comfortable. With the new and very affordable electric bike, it is a lot easier to get around and requires a lot

less stress on muscles and joints to ensure a comfortable ride. Another city in German we can target is Hamburg which is the second-largest city in German. It is home to one of the largest ports in which businesses have created a major financial district in the heart of the city.