Bakker Bart and the German Market

A Detailed and Coherent Recommendation to Bakker Bart

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Preface

'*Vision is the art of seeing the invisible'* – Jonathan Swift (Speecheley, 2012)

This report presents a detailed analysis of the German market concerning bakeries as well as a detailed recommendation to Bakker Bart on whether they should enter the German market. This research evolved from five years of experience as a floor manager at the store Bakker Bart in Gouda. As a European Studies student, I have studied the German market, Export Management, (advanced) Research Skills and Marketing in particular.

Preliminaries. The main purpose of this research is to underline the reality of a more globalised world and the possibilities it creates for companies planning to operate internationally. Moreover, it highlights Germany as a potential market for Bakker Bart and other franchising companies. This research is aimed at companies planning to export to Germany.

Ac*knowledgements.* Since this report contains a large part of my research undertaken in the past four months, I want to thank the people that have empowered me during this period. I am privileged to have had Mr. Schröder as my thesis advisor. His recommendations have been truly useful to me. His opinions opened my eyes to new visions. I would also like to thank the company Bart's Retail B.V., in particular Mrs. J. van der Sluijs (Human Resource Manager) and Mr. S. Detillon (franchisee) for giving me the opportunity to conduct this research. In addition, I would like to express my appreciation to family and friends for helping me collect all the questionnaires in the federal state *Nordrhein-Westfalen* in Germany. I have moreover been fortunate to be working with experts Johanna Maukner and Torben Leif Brodersen who helped me gain insight into German laws concerning the environment and franchising. Last, I want to acknowledge the inspiring work of all the authoes and researchers that have helped me raise my thesis to the next level.

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Executive summary

Bakker Bart is a Dutch franchising chain founded in 1977 by the Dutch entrepreneur Bart van Elsland and has a leading position in the Netherlands. Products offered by Bakker Bart include bread, bread rolls, sweet and savoury snacks, as well as customised sandwiches. In the years following its foundation, the company was able to maintain growth in terms of its number of shops. However, considering the annual profitability of Bakker Bart, one can conclude that change is needed as the company has made losses. Therefore, an exportplan is written with the aim to provide a detailed and coherent recommendation to Bakker Bart, in particular on how to enter the German market successfully, which could boost sales for Bart's Retail B.V.

The focus of this research report refers to the further expansion of Bakker Bart into the European market, in particular, the Germany. As a result, a central research question was formulated: *'How can Bakker Bart enter the German market successfully?'* Marketing tools and models are integrated in order to formulate a recommendation. Furthermore, academic articles, books and websites were consulted to highlight relevant studies and the profile of Bakker Bart. Quantitive and qualitative research is integrated to monitor the consumer buying behaviour of German inhabitants and to highlight which regulations/laws Bakker Bart should not overlook.

As stated in the company description, Bakker Bart established itself as a powerful brand; regularly introducing new products and using social media for customer retention contributed to stable annual turnovers. Moreover, the wide and deep product range provides consumers with much choice and, therefore, all consumers should be able to find the right product(s). The external analysis of this report shows that the German market for bread and rolls is characterised by a high level of competition and complex regulations relevant to Bakker Bart. However, by creating Unique Selling Propositions (USP) and integrating an innovative marketing mix for Bakker Bart in the German market, the company should be able to beat some of these competitors.

According to MarketLine, successfully entering the German market on a small scale is possible. However, how and what should be considered carefully by Bakker Bart, Johanna Maukner advises, representative expert of the *Deutsch-Niederländische Handelskammer* (DNHK). Moreover, entering the complex German market with direct export is preferable rather than starting with a franchise concept. Furthermore, Bakker Bart should focus on German laws, in particular the packaging regulation and the German labour act.

This report makes recommendations with regard to future perspectives for Bakker Bart on the German market. In order to gain a larger market share in the competitive market, Bakker Bart should focus on another target group; the consumer group with an age of 60 years or older seems to be the largest

consumer group at German bakeries. Furthermore, price-setting and merchandising is advisable as it gives German consumers the opportunity to taste the quality of the products and increases brand recognition simultaneously. With regard to consumer buying behaviour, the results of the questionnaires suggest that more promotion is needed for sweet and savoury snacks and fresh juices; currently, bread and sandwiches are the primary purchases by the majority of the respondents. Finally, as it is advisable to enter the German market via direct export, it is recommended that Bart's Retail B.V. hire German business experts to increase the likelihood of success on the German market.

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List of Abbreviations

B2C	Business to Consumers
BUS	Bart’s University Street
CSR	Corporate Social Responsibility
DFV	Deutscher Franchise-Verband
DNHK	Deutsch-Niederländische Handelskammer
DSD	Duales System Deutschland
EFF	European Franchise Federation
GDP	Gross Domestic Product
IMF	International Monetary Fund
NAASO	North American Association for the Study of Obesity
SME	Small and Medium-sized Enterprises
SWOT	Strengths, Weaknesses, Opportunities, Threats
TFEU	Treaty on the Functioning of the European Union
USP	Unique Selling Proposition
WHO	World Health Organisation

Glossary

Abell model	'transparent market delineation of the current activities of an organisation' (Muilwijk, 2014)
Artisan baked good	'handmade and individually shaped items free of chemicals, which is in contrast with mass produced, commercial varieties offered in supermarkets' (Ramalinga, 2004)
Confrontation matrix	'a tool which helps to formulate strategic options for a company for the future' (Harlaar, Ouwehand, Leeuw, & Otto, 2012)
Corporate Social Responsibility	'the commitment by organisations to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as the local community and society at large' (Johnson, Whittington, & Scholes, 2012)
DESTEP	'demographic, economic, social, technological, environmental and political aspects of an external market' (Ebert & Griffin, 2009)
Differentiated (segmented) marketing	'a market-coverage strategy in which a firm decides to target several market segments and designs separate offers for each' (Armstrong & Kotler, 2011)
Ethics	'frameworks for human conduct that relate to moral principles and attempt to distinguish right from wrong' (Preble & Hoffman, 1999)

External environment	‘everything outside an organisation’s boundaries that might affect it’ (Ebert & Griffin, 2009)
Franchising	‘an agreement between two parties in which a buyer purchases the right to sell the service or good of the seller’ (Ebert & Griffin, 2009)
Gross Domestic Product	‘tool which shows the value of all final goods and services produced within a nation in a given year’ (IndexMundi, 2014)
Marketing mix	‘set of controllable tactical marketing tools that the company blends to produce the response it wants in the target market’ (Armstrong & Kotler, 2011)
Market segment for bread and rolls	‘retail sales of artisanal bread and rolls, in-store bakery bread and rolls and industrial bread and rolls’ (MarketLine Industry Profile, 2014)
Mission	‘long-term goals and the overall purpose of the organisation which often describes a challenging situation’ (Johnson, Whittington, & Scholes, 2012)
Porter’s five forces	‘a tool which helps to identify the attractiveness of a certain industry in terms of five competitive forces’ (Johnson, Whittington, & Scholes, 2012)
Positioning	‘act of designing the company’s offering so that it occupies a meaningful and distinct position in the target customer’s mind’ (Vigar-Ellis, Barrett, & Chiweshe)
Primary data	‘information which is first published in, for example, governmental documents and is

	directly retrieved by the author' (Saunders, 2011)
Qualitative research	'information which is not used for analysing a great part of something but puts emphasis on quality rather than quantity' (Saunders, 2011)
Quantitive research	'numerical research used for the purpose of analysing a great part of something' (Saunders, 2011)
Secondary data	'information which is published in for instance magazines and is not directly retrieved by the author' (Saunders, 2011)
SWOT analysis	'overall evaluation of the company with regards to the internal and external environment' (Armstrong & Kotler, 2011)
Target market	'a set of buyers who share common needs or characteristics that a certain company decides to serve' (Armstrong & Kotler, 2011)
Undifferentiated (mass) marketing	'a market-coverage strategy in which a firm decides to ignore market segment differences and go after the whole market with one offer' (Armstrong & Kotler, 2011)
Unique Selling Proposition	'also known as "Unique Selling Point" and is presented by the seller as the reason that the product is different from and better than its competitors' (Entrepreneur)
Vision	'an aspiration which can help mobilise the energy and passion of organisational members and refers to the desired future state of an organisation' (Johnson, Whittington, & Scholes, 2012)

1 Introduction

1.1 Problem statement

Bakker Bart sells its products on the Dutch and Belgium markets. However, according to the financial reports published by PricewaterhouseCoopers, the company has made losses since 2010 (PricewaterhouseCoopers, 2005-20013). This indicates that something has to change. One possibility for Bakker Bart is to expand its activities into the German market. According to MarketLine, the German market segment for bread and rolls has grown in 2013 by 1.4%, with a total value of approximately €14 billion (MarketLine Industry Profile, 2014).

1.2 Research objective

The aim of this research is to provide a detailed and coherent recommendation to the franchise company, Bakker Bart, and to establish whether it is feasible for them to expand activities to the German market, taking into consideration the wants and needs of German consumers.

1.3 Central Research Question

Despite the disappointing annual profits of Bakker Bart, the company has been able to maintain growth since 1977 in terms of the number of stores located in the Netherlands. Bakker Bart is leading in its sector throughout the Netherlands and is planning to expand to 250 stores in the Netherlands in the coming years. Having Germany as a neighbour of the Netherlands could be interesting for Bakker Bart to expand its activities on the foreign German market. However, entering a foreign market has drawbacks. Thus, before entering a new market all relevant aspects should be examined to be able to conclude whether it is feasible for Bakker Bart to start operating internationally. This report contains relevant information to be taken into account by Bakker Bart before entering the German market. The research report will finish with concrete advice for Bakker Bart in particular. To be able to give a detailed recommendation, a central research question is formulated:

‘How can Bakker Bart enter the German market successfully?’

Several additional questions are essential to be able to answer the central research question. The additional questions of this report are as follows:

1. How has Bakker Bart evolved over the past years?
2. How does Bakker Bart position itself on the current market?
3. What external factors of the German market should Bakker Bart take into consideration?
4. Which entry strategy would be most appropriate for Bakker Bart?
5. Legal aspects: which German/European laws should be considered?
6. What are German consumers looking for?

1.4 Research methods

Desk research is used in order to construct a detailed overview of the characteristics of the German market. Existing literature, such as books and academic articles are of great importance. Furthermore, field research is used to outline the external aspects to be taken into account by Bakker Bart. Qualitative research examines German laws concerning environment (DNHK) and franchising (DFV). In terms of quantitative research, a survey was conducted among the German population by using the online tool www.thesistools.com. Additionally, 361 questionnaires were distributed in Oberhausen to target all ages of the German population and to determine the wants and needs of German inhabitants in federal state *Nordrhein-Westfalen*.

1.5 Limitations

It can be concluded that the quantitative research is not representative enough as it only gives microscopic insight into the wants and needs of German inhabitants mainly residing in the federal state *Nordrhein-Westfalen*. Readers of this report should therefore be reminded that the conclusion drawn in the final section is based on broader generalisations. However, one can conclude that further quantitive research will have similar outcomes in comparable cities with approximately the same number of inhabitants, such as *Aachen, Magdeburg, Augsburg, Krefeld and Lübeck* (City mayor statistics, 2015). In order to obtain a representative view of the wants and needs of the German population, a second quantitive research should be conducted by Bart's Retail B.V, surveying a greater part of the German population residing in several, if not all, federal states.

1.6 Outline of the report

The next chapter of this report, theoretical framework, consists of information gleaned from studies on franchising, international trade, and laws. The third chapter contains information on the methodologies used for this research report. The fourth chapter contains a description of the company, such as the financial history, product range, mission and vision, target group, and organisational structure. The aim of this chapter is to provide a clear overview of the activities of Bakker Bart. The fifth chapter focusses mainly on the market in which Bakker Bart is currently operating. After the market description, an internal analysis (chapter six) follows which addresses the strengths and weaknesses of Bakker Bart. The external analysis (chapter 7), will provide information about the German market which might affect Bakker Bart. Based on the internal and external analysis, a SWOT analysis and confrontation matrix are designed in order to provide a clear overview of the strategic options for Bakker Bart (chapter 8). Chapter 9 includes all information retrieved via field research. This information is processed and analysed in the analysis section (chapter 10), followed by a coherent conclusion and recommendation to Bakker Bart on how to enter the German market (chapter 11). Last, the appendix contains transcripts of interviews and the questionnaire used for this research.

2 Theoretical framework

2.1 Theory of international trade

To understand the theory of international trade, the concept of internationalisation must be fully understood. According to writer Kjell Goldman, the word internationalisation refers to ‘a process whereby an object is becoming more international than previously’ (Goldmann, 2001). In this context, ‘societal internationalisation is applicable, and it comprises the agglomeration of all kinds of human relations across nation-state borders: an increasing exchange of goods, services, people and, importantly, of information and ideas’ (Goldmann, 2001). He also states that ‘the four freedoms allude to the post-1945 market economy’ (Goldmann, 2001). Moreover, the term globalisation is often used with reference to this phenomenon. However, other aspects of internationalisation include the internationalisation of problems and decisions, but these are not as relevant for this research as the societal internationalisation. Therefore, both concepts are not examined further. A German research group headed by Michael Zürn, however, has attempted to introduce another term. The term used by this research group is neither internationalisation nor globalisation but *Denationalisierung* (‘denationalisation’) which is divided into two separate layers: societal and political. Researcher Kjell Goldmann claims, however, that his concept of internationalisation is three-dimensional (societal, problems, and decisions) whereas the concept of the German research group is only two-dimensional (societal and political).

Researcher Elhanan Helpman argues that the role of multinational corporations in the conduct of foreign trade has grown since 1980, and has reached large proportions (Helpman, 1984). Additionally, researcher James R. Markusen states that if ‘foreign multinational corporations are identical to foreign corporations, they will not find it profitable to enter a certain domestic market’ (Markusen, 1995). Nevertheless, entering a foreign market involves additional costs, including communication and transport costs. Other aspects include barriers in culture, language and government networks. So, as James R. Markusen argues, ‘a multinational corporation must, therefore, arise due to the fact that it possesses some special advantage such as superior technology’ (Markusen, 1995).

Due to of the inherent disadvantages and higher costs, a special framework is designed by researcher Dunning. He suggests that three conditions must be met in order to have a strong motive to enter a foreign market. This framework is the OLI framework: ownership, location and internationalisation (Markusen, 1995). An organisation’s *ownership* advantage could be something tangible or intangible that other companies do not possess, such as a reputation for quality or a patent. Furthermore, the foreign market must offer a *location* advantage that makes it profitable to produce the product in a foreign country rather than in the domestic country. Finally, the organisation must have an *internationalisation* advantage. As stated by researcher James R. Markusen, ‘this condition is the most abstract of the three; if the organisation has a production process and if, due to tariffs and transport costs, it is advantageous to produce the product abroad rather than to export it, it could be good decision to start a production process abroad' (Markusen, 1995). To sum up, the OLI framework is a tool consisting of three elements and is often used by companies planning to operate abroad.

Another important aspect of international trade includes taxes. According to researchers Kessler and Eicke, 'double taxation is often unavoidable in a cross-border trade context due to the interplay of (foreign) corporate taxes imposed on the subsidiary, and (foreign) withholding taxes and corporate taxes that are imposed on the parent company' (Kessler & Eicke, 2007). In conclusion, entering the German market will involve extra taxes due to the cross-border trade context.

2.2 European legislation which affects international trade

There are numerous European laws that companies planning to enter a foreign market should take into account, such as road transport and health regulations. These laws are examined below;

2.2.1 Road transport

Article 28 of the Treaty of the Functioning of the European Union (TFEU) states that, 'the Union shall comprise a customs union which shall cover all trade in goods and which shall involve the prohibition between Member States of custom duties on imports and exports and of all charges having equivalent effect, and the adoption of a common customs tariff in their relation with Third countries' (van Ooik & Vandamme, 2013). Moreover, article 34 of the TFEU states that 'quantitative restrictions on imports and all measures having equivalent effect shall be prohibited between Member States' (van Ooik & Vandamme, 2013).

According to the website www.europa.nu, 'a regulation was adopted in 1991 on access to the market in the carriage of goods by road within the community to or from the territory of a Member State or passing across the territory of one or more Member States' (Goods: Carriage between Member States, 2008). This regulation eliminates restrictions on service providers and aims at establishing a European transport market. Each transport vehicle is checked and if the company meets the conditions set in the national law, the carrier will get a Community Authorisation for a period of five years. In addition, the Member State is to inform the Commission about the number of companies which hold a Community Authorisation. As a result, the carrier is allowed to carry goods on international roads. All Member States can check if road transport conditions are met. If something is inappropriate, the issuing Member State can refuse the transported items. Where infringements are committed, the Member States may impose penalties such as the withdrawal of the Community Authorisation. However, the Member States must take into account that have the option to appeal any penalty decision.

2.2.2 European health regulations

Another example of a European law that affects European companies is the health regulation adopted in February 2010. The aim of this regulation is to reduce the amount of sodium (known as salt) in food. European Commission researchers conclude that European inhabitants have an estimated in-take of 8 to 12 grams of salt per day (European Commission, 2012). Germany, together with two other European Member States claims the lowest salt intakes, namely 6.6 grams. Evidence suggests that a high level of daily sodium consumption causes high blood pressures (hypertension) and a higher risk of cardiovascular and renal diseases (European Commission, 2012). Moreover, 36% of European inhabitants receive long-term medical treatment for hypertension. As a result, the World Health Organisation (WHO) recommends an intake of no more than 5 grams of salt per day.

The European Commission adopted a second regulation concerning health in 2014. This regulation obligates all Member States to make food information available to the public (e.g. being able to present the list of ingredients in a certain product when asked by a consumer) (European Commission, 2014).

2.2.3 The free movement of goods

The free movement of goods applies to all goods, even when these fail to meet German food-related standards. However, the Federal Office of Consumer Protection and Food Safety (BVL) is allowed to reject these goods if there are compelling health protection reasons (Federal Office of Consumer Protection and Food Safety).

2.2.4 Competition policy

As stated by writers Michelle Cini and Lee McGowen, ‘competition has often been defined as the struggle of contention for superiority in the commercial world’ and ‘at the same time, monopoly, where there is effectively one supplier, is argued to restrict the supply of goods and services, and to lead to higher prices’ (Cini & McGowan, 1998). So, while competition is ‘wonderful’, monopoly is presumed to be the illustration of incapability. The theory of perfect competition demonstrates that, in conditions of perfect competition, consumer welfare is maximised. However, as Adam Smith asserts, ‘perfect competition was an abstract notion which could not exist in its purest form of the world’ and ‘competition causes uncertainty, and anti-competitive behaviour is one way of making the future more predictable’ (Smith, 1998). In addition, competition gives corporations the opportunity to maintain profit margins. Competitions policies are therefore drafted to prevent companies from acting in such a way. Moreover, the European Union has drafted a competition policy. Article 102 of the TFEU states that, ‘any abuse by one or more undertakings of a dominant position within the internal market or in a substantial part of it shall be prohibited as incompatible with the internal market in so far as it might affect trade between Member States’ (van Ooik & Vandamme, 2013).

2.3 German legislation which affect international trade

Foreign businesspeople who operate in Germany often claim that the country is heavily regulated. This statement is, according to researcher Richard Lord, exaggerated. Germany has, however, certain regulations that affect business (Lord, 1998). Most of these regulations deal with health and safety, the rights of workers, environmental protection, and preventing social damage. These regulations may create potential drawbacks, such as extra costs or product requirements. Several German laws are examined below.

2.3.1 Packaging regulation

German and Dutch packaging regulations are both European directives. However, these directives differ remarkably (Recycling van verpakkingen). In 1991, Germany adopted a new packaging regulation (‘*VerpackV’)* to be adopted by companies entering the German market. It obligates all domestic entrepreneurs to register at a dual system, that receives used products. These dual systems, founded by German industrial companies, recycle all products used in Germany. To date, nine dual systems have been founded in Germany (DNHK, 2013).

2.3.2 The German labour act

Other important aspects of German law include the German labour act. This act differs from the Dutch labour act and is applicable to all German organisations (DNHK). In January 2015, a national minimum wage was set by the German government, and is applicable to all German workers (DNHK, 2014). As determined in a research conducted by Schulten, the minimum wage in Germany is approximately €8.50 per hour, depending on the sector (Schulten, 2014). In contrast, the minimum wage in the Netherlands is approximately €9.11 per hour, also depending on the sector. However, German employers/franchisees can make agreements with their employees that override the agreements made in the collective labour agreement. In this case, agreements made with the employees are leading. Another important aspect stated in the German labour act is that employees employed by an organisation longer than six months cannot be fired without a legitimate reason (DNHK, 2014).

2.4 The German character

Researcher Lord argues that, ‘all business cultures reflect, in some way, the larger culture in which it operates’ (Lord, 1998). It is important to better the understand the German character as this increases the likelihood of success. Writers of the book *Succeed in Business* studied the German character and an overview of this character is divided into the subsections below.

One of the main characteristics of the German inhabitants is insecurity. The book states that, ‘due to the radical ups and downs in German history, a certain degree of insecurity is visible in daily life’ (Lord, 1998). Researcher Lord further states that ‘signs of insecurity usually are not disturbing. However, Germans tend to be arrogant to cover this insecurity. So, the arrogance of the Germans is often not more than a defence mechanism' (Lord, 1998).

A second aspect which emerges from the German history, known for its colossal failures and destructive losses, is the desire to avoid risks (Lord, 1998). Although business depends on taking risks, many Germans strive to take as few risks as necessary. Accordingly, most change in the German business world is cumulative, as change always entails risk (Lord, 1998).

A third aspect of the German character is deeply ingrained conservatism, which does not refer to political conservatism. This conservatism seems to be entrenched deeply in all levels of German society. Actual acceptance of any change moves slowly. However, determined resistance is still more common (Lord, 1998).

The fourth aspect refers to the inflexibility of German inhabitants. Richard Lord asserts that 'nearly all German businesspeople tend not to change quickly, especially when the domestic partner comes from a business culture where flexibility and quick adaptation to changing conditions are almost second nature' (Lord, 1998).

Finally, German people tend to compartmentalise everything. 'Work related activities exclusively belong to the work sphere, whereas family activities exclusively belong to the personal sphere', Richard Lord states (Lord, 1998). Moreover, trust is a vital element when doing business in Germany. Sociologists argue that Germany is a 'low context' society. In business terms, this means that personal life is not connected to work. Therefore, private affairs are not shared with business partners. One necessary ingredient for trust is time. It takes months for German businesspeople to build relationships. Starting a cooperation for a period of six months is not seen as profitable (Lord, 1998).

2.5 Success factors of international trade in Germany

Despite regulations regarding environmental protection and health and safety, the German market is known for its successes and innovativeness (Lord, 1998). As a result, many domestic companies want to operate in the German market. According to Richard Lord, 'factors that may lead to success for international companies on the German market include offering a high degree of service, long-term commitments, operating as a joint venture or local representation' (Lord, 1998). Researcher Richard Lord also concludes that Germany imports large quantities of goods in similar categories those in which it produces and exports. Interestingly, the rankings of major import and export products have remained remarkably stable over the past ten years (Lord, 1998).

Even though Germany imports heavily, it also depends on exports. Main categories include motor vehicles, machines tools, electronics, and chemicals and pharmaceutical products and ingredients (Lord, 1998).

Although the German market can be classified as conservative, the German government, banks, businesses, and other European Member States are interested in the market, jobs and profits of the future (Lord, 1998). Therefore, argues Richard Lord, ‘if a certain company is able to bring a new vision and expertise onto the German market, it is likely that this company will succeed’ (Lord, 1998).

2.6 The German market segment for bread and rolls

As stated in section 2.5, the German market is known for its imports. This section highlights the specific segment for bread and rolls in Germany.

Recent research by *ABN Amro bank* identifies the three main import segments of Germany in 2010. It states that Germany imported mainly food products (16%), oil and gas (16%) and chemical products (16%). This resulted in a total value of €90 million (ABN AMRO, 2012).

In order to understand what the bread and rolls industry in Germany consists of, an explanation is needed. The MarketLine research report states that, ‘the German bread and rolls market consists of retail sales of artisanal bread and rolls, in-store bakery bread and rolls, and industrial bread and rolls’ (MarketLine Industry Profile, 2014). The market is valued according to retail selling price and includes all applicable European taxes. Currency conversions in this report are based on the exchange rates of March 2015.

According to the same report published by MarketLine, ‘the German market segment for bread and rolls has experienced weak growth in 2013; the total value of the specific market segment is now estimated at €14 billion, a rise of 1.4% compared to 2012’ (MarketLine Industry Profile, 2014). Furthermore, ‘the German market segment for bread and rolls is forecast to continue at similar rate until 2018’ (MarketLine Industry Profile, 2014). The segment has experienced structural growth in the past years, as shown in figure 1. Moreover, it is important to highlight that the German market segment for bread and rolls has a leading position within the European Union. In 2013, the French and UK markets for bread and rolls grew by only 0.4% and 1.6% respectively, with total values of €7.3 billion (France) and €4.9 billion (United Kingdom). The French and UK markets are expected to maintain weak growth (MarketLine Industry Profile, 2014).

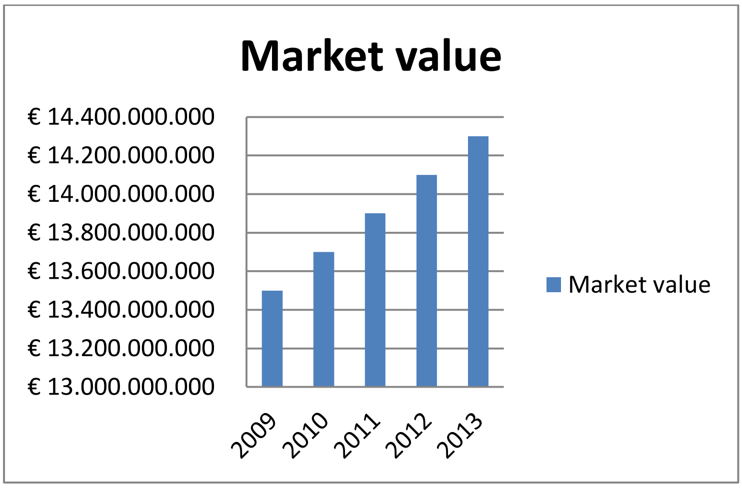

Figure 1 Market value Bread and Rolls Germany. Source: MarketLine

In 2013, the bread and rolls segment for artisanal bread in Germany was lucrative, with a total value of €8.4 billion out of a total value of approximately €14 billion (see figure 2). The MarketLine research report further states that, 'there are several distribution channels in which bread and rolls are made available for the greater public in Germany' (MarketLine Industry Profile, 2014). The most popular and efficient distribution channel is the specialist retailer (63.6%) followed by supermarkets and hypermarkets (16.9%) (MarketLine Industry Profile, 2014). According to MarketLine, 'supermarkets and hypermarkets have succeeded in increasing their market share by selling wrapped bread, which is made by major plant bakeries at low prices and introducing in-store bakeries producing specialty bread, rolls and pastries' (MarketLine Industry Profile, 2014).

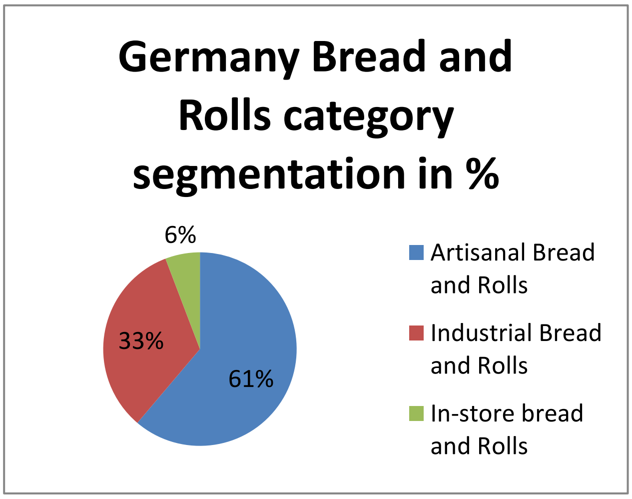

Figure 2 Bread and Rolls segmentation Germany. Source: MarketLine

Researchers assert that it is possible to successfully enter the German market, but only on a small scale since much of the market share is held by artisanal manufacturers. Therefore, new entrants should take significant requirements into account (MarketLine Industry Profile, 2014).

2.7 Artisan baked goods

Savithri Ramalinga states that, 'making artisan bread requires a broad knowledge of how ingredients work and complement each other' (Ramalinga, 2004). In the early 1990s, 'people paid much attention to presentation and aesthetics of products' (Ramalinga, 2004). Moreover Savithri Ramalinga states that, 'plaited breads, rolls, buns and pastries dominated the shelves' (Ramalinga, 2004). However, due to industrialisation, the baking industry experienced rapid growth in technology and engineering. As a result, supermarkets and wholesale stores made bakery products available in mass quantities. Even though supermarkets still offer a wide range of different types of bread, the artisan bread segment continues to dominate the German market. Savithri Ramalinga defines artisan bread as 'handmade, individually shaped, baked items free of chemicals, which contrast with mass-produced, commercial varieties offered in supermarkets' (Ramalinga, 2004). Local shops that offer artisan baked goods deliver products based on the needs of clientele known to them personally. The most important aspect of making artisan bread is using quality ingredients and understanding how each ingredient adds value to the product (Ramalinga, 2004).

One of the main ingredients in artisanal bakery products is wheat flour (Ramalinga, 2004). Furthermore, flexible fats, water, and eggs are other main ingredients. Interestingly, artisan baked goods do not employ yeast. This is in contrast with commercial baking. For instance, mass production relies heavily on the use of baker's yeast. Artisan bakers, however, use a special mixture of water and potato to develop a leavening system. Another important characteristic of artisan baked goods is that it is baked with steam, which helps the dough maintain its symmetrical shape (Ramalinga, 2004). Furthermore, steam adds crispness and shine to the crust. Artisan bakers prefer wood-fired ovens to gas or electric ovens as the wood-fired ovens impart a particular flavour to the bread. Additionally, artisan bakers allow longer rising times when compared to commercial bakers. As a result, certain unique flavours develop during the process. So, artisan baked products differ from industrial baked products in many respects.

2.8 The transformation of bakeries

Recently, traditional bakeries have transformed into companies that serve a variety of products to consumers. Nowadays, bakeries not only produce bread related products, but also focus on sweet and savoury snacks. Evidence from a report published by the North American Association for the study of Obesity (NAASO) sugests that 'the structure of dietary intakes and the prevalence of obesity among inhabitants around the world have been changing at an increasingly rapid change' (Adair & Popkin, 2005). Moreover, 'there has been a rapid global shift toward increased availability of fast foods and processed foods, as well as changes in food distribution and marketing' (Adair & Popkin, 2005). Processed foods include products with a high percentage of salt, such as bread and savoury snacks. The rise of food consumption away from home is paralleled by the increase in commercial eating places and fast food restaurants (Adair & Popkin, 2005). Although the availability and consumption of fruits and vegetables increased since 1970, stated by researchers Linda S. Adair and Barry M. Popkin, ‘the consumption of fruit and vegatables remains far below the recommended levels in nearly all countries in the world’ (Adair & Popkin, 2005). Even though there is no direct link between the transformation of bakeries and the increased availability of fast foods and processed foods, it is likely that, due to the global shift of ‘away from home eating’, companies enlarge their range to meet the wants and needs of consumers while generating more sales.

2.9 Franchising

2.9.1 Franchising defined

A brief explanation explains the term franchising. As communicated in the book *Business Essentials*, written by Ronald J. Ebert and Ricky W. Griffin, franchising refers to ‘an agreement between two parties in which a buyer (franchisee) purchases the right to sell the service or good of the seller (franchisor)’ (Ebert & Griffin, 2009). Examples of franchising companies in the food industry include Subway, McDonald’s and Délifrance. Franchisees benefit from the parent organisation’s experience and expertise. Moreover, the franchisee is often free to select a location, negotiate the lease, purchase equipment and supply financing. The main benefits of franchising are brand recognition, low advertising costs, and the likelihood of success (Ebert & Griffin, 2009). However, the freedom of a franchisee is limited to a certain extent. Each franchisee has to pay start-up costs before they have the right to sell the goods or services. These costs vary within each sector and company. For instance, the start-up cost for McDonald’s is approximately €465,000 whereas opening a fitness center of Curves costs approximately €49,000. In addition, many franchisees must pay a certain fee based on their net turnover (Ebert & Griffin, 2009).

Franchising is often used to grow a company, but some companies decide not to franchise in order to retain control over quality and earn more profits for themselves. An example of such a company is Starbucks (Ebert & Griffin, 2009). However, if companies decide to use franchising in foreign markets, it is often difficult to attract local franchisees, argues MarketLine (MarketLine, 2002). Because of this, Subway introduced training centres in Germany to attract potential German franchisees. The training centre is located in Potsdam, a city just outside Berlin. Classes focus on cost controls, product quality, bread baking, and brand building. In addition, Subway’s director of field training, Dede Mahoney, defines the centre as ‘a smoothing route to expansion’ (MarketLine, 2002).

2.9.2 Cooperation between two parties

The purpose of franchising is to grow a company, Jan Norman states, writer of the book *What no one ever tells you about franchising*. In order to accomplish growth, the company must be properly structured. If the foundation and organisational structure is weak, it could result in extra costs. Moreover, if a company plans to increase its number of stores, it should look at certain characteristics:

Firstly, the company should be able to prove that its concept is successful and profitable. Secondly, it should have specific control systems for every aspect of the business. Thirdly, the concept must be replicable in other markets and finally, the concept should differentiate itself from its competitors. One of the primary elements a franchisor is selling is its brand. Therefore, all elements of a business should contribute to making a distinctive brand that enhances the value of the franchise. Marc Shuman, owner of the successful retail franchise, GarageTek Inc., asserts that 'a company intent on building a strong brand must resist the temptation to treat its products as a solution for all problems' (Norman, 2006). In order to be successful as a franchisor, Marc Shuman states, 'it is important to dominate the markets in which you operate and not to operate in each market' (Norman, 2006). A franchising company should therefore maintain the integrity and value of the brand, control quality at all levels, and continuously find ways to improve and build upon the systems that attract and keep franchisees (Norman, 2006). Other important elements play a crucial role in franchising companies as well, such as marketing tools to boost sales and strengthen the brand, it is stated (Norman, 2006). Furthermore, remaining static in the market can be fatal. When industries and markets change, franchisors should adapt to the new environment (Norman, 2006).

Franchising has become so structured over the past years, 'that it is important for franchisors and franchisees to agree upon methods for controlling and marketing the business in order to maximise profits', advises researcher Jan Norman (Norman, 2006). Furthermore, it is often claimed that 'franchising can be compared to a marriage due to the close interdependence of both parties. For example, marketing related activities are often executed by the franchisor. However, the franchisor cannot build a strong brand name solely. It is the duty of the franchisees to build relationships in their communities and to provide excellent customer service' (Norman, 2006). A successful long-term relationship between franchisor and franchisee requires a contract that is reasonable for both parties. If the franchisees and franchisor are in conflict, 'customers tend to look for other less contentious companies', states Jan Norman. However, not everything depends on a reasonable contract. It is proved that many franchisees do not follow the system set up by the franchisor. As a result, the company is unable to build a strong brand due to too many dissimilarities between stores. Nevertheless, franchisors should be grateful to franchisees who embrace innovations as they have a more direct relationship with their customers.

As stated earlier, the aim of franchising is to increase company growth. However, a company must carefully select and match its new territory to customer demographics of a certain area. Moreover, a company should not sacrifice standards and quality in order to grow. In the long term, this will result in extra costs (Norman, 2006).

2.9.3 Code of Ethics

In the academic article *The Nature of Ethics Codes in Franchise Associations Around the Globe*, researchers John Preble and Richard Hoffman state that ‘ethics are frameworks for human conduct that relate to moral principles and attempt to distinguish right from wrong’ (Preble & Hoffman, 1999). However, preserving a high level of integrity and ethics is problematic due to the explosive growth of franchising companies in the past decades. ‘Franchising is not just a binary model which only includes the franchisor and franchisee’, argue researchers John Preble and Richard Hoffman (Preble & Hoffman, 1999). The franchising model consists of several societal layers, such as employees, suppliers, millions of customers, governmental agencies and the media (Preble & Hoffman, 1999). With such complex networks, the opportunities for ethical violations are numerous. Moreover, according to Koningsberg, ‘the media tends to overreport in detail ethical breaches and underreport franchising’s success stories’ (Preble & Hoffman, 1999). Furthermore, researchers Preble and Hoffman assert that ‘little is known about what the franchising sector is doing internationally to provide ethical guidance to its members’ (Preble & Hoffman, 1999).

In 1972, the European Union founded a non-profit organisation, the European Franchise Federation (EFF), to protect the franchising industry and to promote the European Code of Ethics on Franchising. Even though the Code of Ethics on Franchising is a guiding principle, all franchising agreements within the European Union must comply with this code, the national law, and European Community Law (European Franchise Federation). Furthermore, other European countries have designed their own additional code of ethics, such as Belgium, France, Italy and Germany. Germany introduced a law concerning pre-contractual disclosure (European Franchise Federation , 2010). According to lawyer Dagmar Waldzus, ‘this law is designed as Germany has no statutory regulation of pre-contractual disclosure requirements’ (Waldzus, 2014). The article states that, ‘the obligations of franchisors are based on principles set out by the courts. This means that the franchisor had no general obligation to advise the potential franchisee with respect to general risks of self-employment or to provide detailed calculation of profitability to him/her in the past. Nowadays, franchisors are expected to deliver a high level of duty of care when providing information in the negotiation phase. The degree of care is, however, unknown in other situations of the process, e.g. the negotiation of a long-term distribution agreement’ (Waldzus, 2014).

3 Methodology

In order to provide a detailed recommendation for Bakker Bart, several relevant research methods are used. All methods are explained below.

3.1 Desk research

All results retrieved via desk research are classified as secondary data. The internet is used to outline the German market. Furthermore, case studies, books and academic articles are used to construct the theoretical framework that provides an outline of previous studies. All findings are of great importance to develop qualitative and quantitative research questions.

It can be concluded that the research findings retrieved via desk research are objective as they contain facts about the German market. In some cases, however, biased statements about the German market are used in order to monitor the outlook and perspectives of relevant business people. Subsequently, objective sources are compared with biased statements to create a valuable report. In addition, several objective sources are compared to identify whether certain information is similar. If this is not the case, both sources are omitted from this report. An exception is made for sources that were derived from Bakker Bart directly.

3.1.1 Models used

Several marketing and export tools have been designed to help gain insight into certain business aspects and whether it is feasible for a specific company to enter a foreign market. These tools will be explained below in the order that they have been integrated into the report.

Product positioning map

As explained by researcher Debby Vigar-Ellis et al., the term 'positioning' is 'the act of designing the company's offering so that it occupies a meaningful and distinct position in the target customer's mind' (Vigar-Ellis, Barrett, & Chiweshe). The product positioning map therefore shows the position of a product with respect to its price and quality. Thus, the product positioning map indirectly displays the pricing strategy of a certain company. By ranking products of a company at low quality and high prices, the company is not likely to maintain many customers, as there is not a balanced relationship between price and quality (Jobber & Fahy, 2009). Furthermore, the product positioning map is a useful tool to determine how a company is operates and indicates required changes and improvements when entering a foreign market.

Abell model

The Abell model provides a 'transparent market delineation of the current activities of a certain company' (Muilwijk, 2014). The Abell model analysis a business's scope of operation (Muilwijk, 2014). The model is also a tool that can fine-tune the future strategic policies of a company. The model consists of three subdivisions: customers, wants and needs, and technologies. All three elements combined display the scope of a certain company.

DESTEP model

As communicated in the book Business Essentials written by marketers Ronald J. Ebert and Ricky W. Griffin, 'an external environment consists of everything outside an organisation's boundaries that might affect it' (Ebert & Griffin, 2009). A useful model for analysing the external environment of an organisation is the DESTEP model, which refers to the demographic, economic, social, technological, environmental and political aspects of a certain industry (Ebert & Griffin, 2009).

Porter's five forces

As stated in the book *Fundamentals of Strategy*, the Porter's five forces framework helps to identify 'the attractiveness of a certain industry in terms of five competitive forces: the threat of entry, the threat of substitutes, the power of buyers, the power of suppliers, and the extent of rivalry between competitors' (Johnson, Whittington, & Scholes, 2012). An attractive industry is one that offers good profit potential. The five forces help to identify the structure of an industry and is therefore applicable for many companies who plan to operate internationally (Johnson, Whittington, & Scholes, 2012).

SWOT analysis

According to marketers Armstrong and Kotler, 'a SWOT analysis is an overall evaluation of the company with regard to the internal and external environment' (Armstrong & Kotler, 2011). SWOT stands for Strengths, Weaknesses, Opportunities and Threats. A division can be made between the four elements. Strengths and weaknesses belong to the internal environment of a company. Opportunities and threats refer to the external environment of a company, specifically to the market in which the company is operates (Harlaar, Ouwehand, Leeuw, & Otto, 2012).

Confrontation matrix

A confrontation matrix is designed in conjunction with the SWOT analysis. Additionally, the matrix helps to formulate future strategic options. In order to do this, it is important to point out that the strengths of a company should exploit opportunities and avoid threats (Harlaar, Ouwehand, Leeuw, & Otto, 2012). The aim of the confrontation matrix is to determine the challenges and/or obstacles before entering a foreign market (Harlaar, Ouwehand, Leeuw, & Otto, 2012).

Marketing mix

As suggested by researchers Armstrong and Kotler, 'the marketing mix is a set of controllable tactical marketing tools that the company blends to produce the response it wants in the target group' (Armstrong & Kotler, 2011). In other words, the marketing mix helps to market a certain product, service or brand. The marketing mix consists of six P's: product, place, price, promotion, people and physical evidence (Armstrong & Kotler, 2011). The marketing mix is implemented in the recommendation section as it determines the proposed strategy for Bakker Bart to enter the German market successfully.

3.2 Field research

All results retrieved via field research are primary data. The difference between two types of field research is demonstrated below. Both types of field research are included in the report.

3.2.1 Quantitive methods

A total of 388 out of approximately 81 million German inhabitants were surveyed. The number of participants was intentionally chosen as it indicates an error rate of 4.9% which is acceptable for the short period allotted to this research report (Checkmarket). Moreover, an error rate of 4.9% results in a reliability percentage of 95%, according to the Checkmarket online tool.

A questionnaire was initially distributed among German inhabitants by using the online tool thesistools.com first. Following that, 361 questionnaires were distributed in Europe's largest shopping centre in Oberhausen to reach a diverse audience in terms of age and to reach the number of 388 respondents. The questionnaires were spread on 23 and 28 April 2015. Oberhausen is situated in the federal state *Nordrhein-Westfalen* where competition is high (see section 7.3 and onwards). Furthermore, *Nordrhein-Westfalen* is the economic centre of the European Union and has five big cities: Duisburg, Essen, Düsseldorf, Köln, and Dortmund. The federal state has approximately 17.5 million inhabitants (NRW.Invest Germany). So, if Bakker Bart decides to enter the German market, the most difficult federal state to enter would be *Nordrhein-Westfalen*. Therefore, the questionnaire was intentionally distributed in this federal state to ascertain whether Bakker Bart has a chance of survival in this particular federal state.

Questions in the survey are in German to prevent a language barrier. The questionnaire comprises 13 questions; the first three relate to demographics and the remaining questions relate to the buying behaviour of German inhabitants concerning bakeries. The questionnaire starts with a brief introduction to the activities and qualities of Bakker Bart, and a reference to the length of the questionnaire. In addition, the introduction ends with a privacy statement that guarantees that all results will be treated confidentionally.

Demographic factors (question 1 to 3) are of great importance to design the profile of the German inhabitants who participated in the research. Moreover, since Bakker Bart focusses on both differentiated and undifferentiated marketing, all consumer groups are relevant to this research report (see section 4.4). Questions related to consumer buying behaviour (questions 4 to 12) are of great importance as they monitor the buying behaviour of German inhabitants in terms of money, time, and effort concerning bakeries. Question 13 examines the brand loyalty among German citizens. All questions are multiple-choice questions that provide equivalent answers which is important when dealing with different age groups: teenagers, adolescents, adults, and families (see section 4.4). Furthermore, by using multiple-choice questions, processing the information of the respondents is more effective within the limited time. Results are analysed in Excel and processed in tables (see section 9.2).

All findings are important to provide a microscopic insight into the profile and buying behaviour of German inhabitants concerning bakeries. However, it is important to point out that broader generalisations are drawn as this particular research method was used primarily in one federal state, *Nordrhein-Westfalen*. It can therefore be concluded that the research findings of this method are not representative enough for Bakker Bart.

3.2.2 Qualitative methods

Two experts in the field of environment and franchising were interviewed. Transcripts of the interviews are in the appendix (see appendix 12.1 and 12.2). The interviews add value to the research report as they contribute to a clear understanding of external aspects that affect the entry of Bakker Bart into the German market.

- Interview with a trading expert of the *Deutsch-Niederländische Handelskammer (*DNHK):
  This interview focuses on German laws concerning export and environment laws. It is a semi-structured interview with Johanna Maukner which took place in the Hague on April 2015.

  The DNHK is a non-profit organisation that aims to advise companies who are planning to enter the German market. It offers services in the fields of German taxes, law, human resources, and the German market. The company has 35 committed members (Deutsch-Niederländische Handelskammer).
  Johanna Maukner is an experienced advisor for the DHNK and is committed to delivering full services to its clients. Furthermore, Johanna Maukner represents the DNHK since July 2012 in the role as Export Consultant and Project Manager Trade Fairs and Recycling in Germany.
  Johanna Maukner also offers an objective view on German legislation concerning environmental aspects.

- Interview with a franchise expert of the *Deutscher Franchise-Verband E.V. (DFV):*
  The interview focuses on German franchising law and the expert is managing director Torben Leif Brodersen. This is a semi-structured, telephonic interview. Unfortunately, due to the poor connection and the language barrier, the interview outcome was not as hoped. One can conclude that this influences the research findings in section 9.1.3.

  The DFV is important to many franchisors and franchisees and it has built a great reputation over three decades. The organisation is committed to professional and reputable franchising in Germany. It aims is to represent the economic, social, and political interests of the franchising industry. The DFV consists of approximately 256 members, including attorneys and corporate consultants as affiliated experts (German Franchise Association).
  Torben Leif Brodersen is the managing director of the DFV since January 2003 and is committed to fair franchising in Germany. Moreover, Torben Leif Brodersen offers objective information on franchise regulations in Germany and the German franchise market.

4 Company description

4.1 Bart's Retail B.V.

The headquarter of Bakker Bart is called Bart's Retail B.V and they are in charge of all business related aspects. However, the name Bakker Bart is used for shops as it indicates the activities of the company. Moreover, the name Bakker Bart as brand name is more appealing for consumers than Bart's Retail B.V. Therefore, the name Bakker Bart is used in this research report, unless otherwise stated.

4.2 History

4.2.1 History in terms of evolvement

Entrepreneur Bart van Elsland (1953-2007) was inspired by an innovative idea: placing the oven in a prominent place in the store to show the customers the freshness of the products. In addition, Bart invented a special baking system that allows baking during the day instead of only at night. This idea is still one of the main success factors that give Bakker Bart precedence over other competitors; other bakeries often run out of products before the end of the day, whereas Bakker Bart is still able to sell its products at the end of the day. This increases the efficiency of Bakker Bart while preventing a surplus of unwanted bread at the end of the day. As stated in the entrepreneur leaflet of Bakker Bart, the first store of Bakker Bart opened in 1977 in a local shopping centre in Nijmegen (Bakkerij Bart, 2014). In 1983, Bakker Bart store opened in the city centre of Nijmegen. Through franchising, a new chain of bakeries was founded: Bart's Retail B.V.

In the years that followed, Bakker Bart opened more stores in cities with more than 15,000 inhabitants. This is a relatively low number of inhabitants when compared to those in Amsterdam (821,702 inhabitants in March 2015) (IAmsterdam, 2015). Bakker Bart then decided to open stores in smaller cities since the company wants to become the most popular bakery chain in the Netherlands by generating high market shares (Bart's Retail B.V., 2013). Bakker Bart has 180 stores supported by the franchising company Bart's Retail B.V. The company supports its franchisees with marketing, quality control, and the supply of semi-finished products.

In 1999, Bart van Elsland sold the company to Kamps, a German company. In 2005, however, Dutch investment company, *Gilde,* bought it from Barilla Holding, who became the owner of Kamps (Hofstee, 2013).

4.2.2 Financial history

Bakker Bart has also developed in terms of finances. All financial information below refers to the headquarter Bart's Retail B.V. and not to the franchisees. Therefore, the name Bart's Retail B.V. is the most appropriate term in this section. It is important, however, to note that all revenues of Bart's Retail B.V. originate from the franchisees in terms of franchise fee, rent, and purchased products such as dough.

The annual turnovers of Bart's Retail B.V. have been stable over the last years. In 2005 and 2006, growth was minimal, and the turnover in 2006 grew with 0.4%. In 2009, the turnover of Bakker Bart decreased by 5.2% when compared to 2008. From 2009 onwards, there was a small increase in annual turnover. However, from 2011, a decreasing annual turnover resulted in a turnover of €44,067,000 in 2013 (see figure 3) (PricewaterhouseCoopers, 2005-20013).

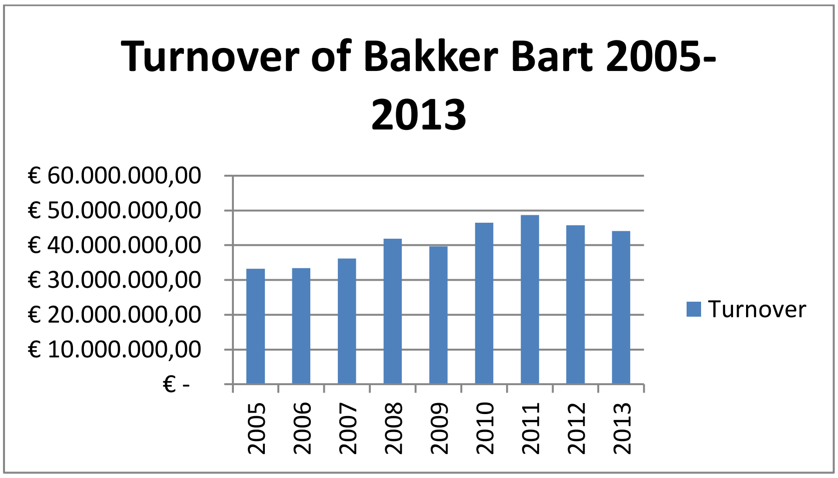

Figure 3 Annual turnovers of Bart's Retail B.V. Source: PricewaterhouseCoopers

Examination of annual profitability of Bart's Retail B.V. shows that the profitability has continued to decrease (see figure 4).

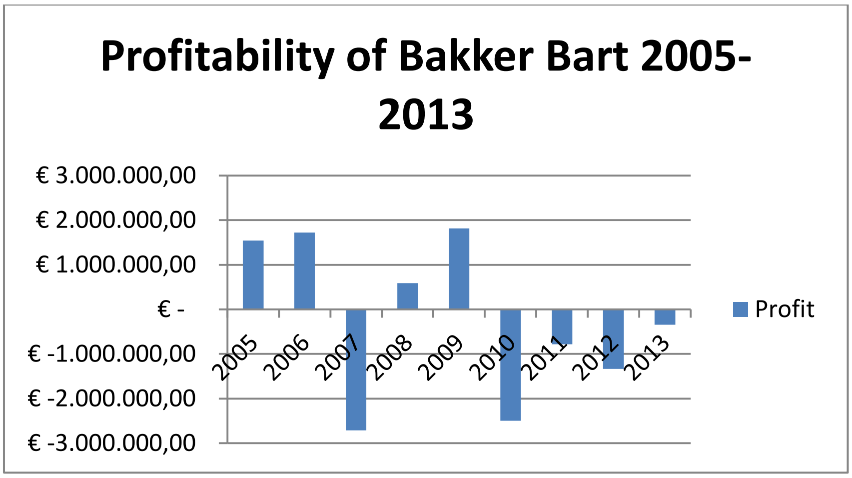

Figure 4 Annual profitability of Bart's Retail B.V. Source: PricewaterhouseCoopers

In 2005, 2006, 2008, and 2009, Bart's Retail B.V. declared profits of €5,666,000. However, in the remaining years, Bart's Retail B.V. had a loss of €7,678,000. An examination of the figures shows that the company was not able to maintain profits in the past years. It is important, however, to point out that the loss in 2013 (€347,000) decreased in comparison to 2012.

Of greater importance is to investigate the reason behind the losses. To do this, ratios are used to identify whether a difference in expenditures resulted in better financial performances for Bart's Retail B.V. So, as presented in table 1, the fifth column (staffing costs) and the seventh column (marketing costs) are rendered as ratios. The percentages are displayed as part of the relevant yearly turnover.

Year	Turnover	Profits	Number of staff Bart's Retail B.V.	Staffing costs*	Marketing costs*
2005	€33,269,000	€1,539,000	217	21.6%	2.3%
2006	€33,408,000	€1,721,000	204	21.6%	3.6%
2007	€36,199,000	-€2,714,000	186	21.7%	4.1%
2008	€41,834,000	€588,000	185	19.0%	4.0%
2009	€39,654,000	€1,818,000	176	19.2%	4.9%
2010	€46,450,000	-€2,497,000	162	15.1%	7.6%
2011	€48,659,000	-€783,000	148	12.9%	4.5%
2012	€45,729,000	€1,337,000	143	13.7%	5.4%
2013	€44,067,000	€347,000	145	13.6%	4.7%

Table 1 Ratio Bart's Retail B.V. Source: PricewaterhouseCoopers

In table 1, the total staffing costs as a percentage of the yearly turnover decreased from 21.6% in 2005 to 13.6% in 2013. Over this period, Bart's Retail B.V. reduced its staff from 217 in 2005 to 145 in 2013. At the same time, the number of shops increased according to Human Resource Manager of Bart's Retail B.V., Judith van der Sluijs (van der Sluijs, 2015). However, Bart's Retail B.V. did not want to reveal the evolvement of shops in the past years due to franchisee privacy.

Furthermore, marketing expenditures fluctuated. In 2005, only 2.4% of the turnover was spent on marketing costs. Marketing expenditure was at its highest level in 2010 when the total marketing costs aggregated for 7.6% of the total turnover. However, the money spent on marketing related activities did not directly result in a higher profits. Although the company made a loss in 2010, this does not necessarily imply inefficient marketing. In 2010, the Dutch government decided to save €6 billion because of the financial crisis. As a result, confidence in the economy decreased among the Dutch consumers and resulted in less expenditure on luxurious products (Government of the Netherlands). In 2011, the company spent less money on marketing and surprisingly, this resulted in a smaller loss. Therefore, it can be concluded that high expenditure on marketing does not necessarily result in higher profits when the external environment is unstable.

4.3 Mission and vision

4.3.1 Mission

As stated in the book *Fundamentals of Strategy, '*a mission relates to long-term goals and the overall purpose of the organisation' (Johnson, Whittington, & Scholes, 2012). It often describes a challenging question (Johnson, Whittington, & Scholes, 2012). When examining the mission of Bakker Bart, it can be said that they have divided their mission into two separate missions: an internal and external mission (Bart's Retail B.V., 2013). The internal mission focusses on fair franchising and mutual dependence where franchisor and franchisee make a profit. The focus of the external mission lies in a good balance between its products and prices: enjoying good products at a fair price. The extensive range and all day availability of all products contribute to the wishes and demands of the customers. So, Bakker Bart focusses on its franchisees and on its consumers. Generating profits while setting fair prices is a primary goal of Bakker Bart.

4.3.2 Vision

According to the writers of *Fundamentals of Strategy, '*a vision refers to the desired future state of the organisation' (Johnson, Whittington, & Scholes, 2012). Moreover, 'it is an aspiration which can help mobilise the energy and passion of organisational members' (Johnson, Whittington, & Scholes, 2012). The world is changing and people are busy. As a result, healthy eating is not always convenient. Bakker Bart strives to produce high-quality products. In addition, the products must be easily accessible (Bart's Retail B.V., 2013). In short, Bakker Bart aims at providing a healthy lifestyle for its consumers.

4.4 Target group

According to marketing experts Gary Armstrong and Philip Kotler, 'a target group consists of a set of buyers who share common needs or characteristics that a certain company decides to serve' (Armstrong & Kotler, 2011). There are four types of market targeting strategies: concentrated (niche) marketing, micromarketing, undifferentiated (mass) marketing and differentiated (segmented) marketing (Armstrong & Kotler, 2011). The first two strategies are not applicable to Bakker Bart and are therefore not examined further.

Undifferentiated (mass) marketing refers to the 'ignorance of a company to the different segments in the market' (Armstrong & Kotler, 2011). In other words, a company may choose to target all types of people. Therefore, this strategy focuses on what is *common* in the needs of consumers rather than on what is *different*. The aim of this strategy is to design a marketing programme that will appeal to the largest number of buyers (Armstrong & Kotler, 2011). On the contrary, the differentiated (segmented) marketing strategy specifically focuses on what is *different* among consumers. So, the company decides to target several groups and designs separate relevant offers for each group. A disadvantage of the differentiated (segmented) marketing strategy is the higher costs as the company creates marketing campaigns for each segment. However, this is beneficial in the long-term (Armstrong & Kotler, 2011).

Bakker Bart serves several target groups, namely teenagers, adolescents, families and adults. It strives to serve these groups by sending different offers each week to Dutch inhabitants living near a Bakker Bart shop. Furthermore, there are fixed offers that can be bought each day. An overview of a couple of these special offers and for whom they are intended are given in table 2.

Type of offer	Intended segment
Customised sandwich for €2.50	Adolescents, adults
Second bread for only €1.00	Adolescents, adults
Savoury snack of choice for €1.00	Teenagers, adolescents, families, adults
Three loaves of bread for €6.00	Families, adults

Table 2 Special offers Bakker Bart. Source: www.bakkerbart.nl

Each offering is for a certain segment or strives to serve several segments. For instance, the special offer of three loaves of bread for €6.00 is a fixed offer of Bakker Bart aimed at families. Furthermore, many adolescents and adults make their own lunch and the offer of a customised sandwich for €2.50 is aimed at adolescents and adults.

A combination of both strategies is applicable for Bakker Bart. The company sends the special offer to consumers selected by demographics (postal code) without considering their wants and needs (undifferentiated marketing) and within these special offers, Bakker Bart aims to serve several target groups: teenagers, adolescents, families, and adults (differentiated marketing).

4.5 Organisational structure

Figure 5 on the following page shows the organisational structure of the headquarter of Bakker Bart: Bart's Retail B.V. Due to privacy considerations, only the positions and the departments (excluding names) within the company are shown. Furthermore, as this report primarily focusses on franchising and entry to the German market, only the operations department is displayed as this shows the support for franchisees in the operation phase.

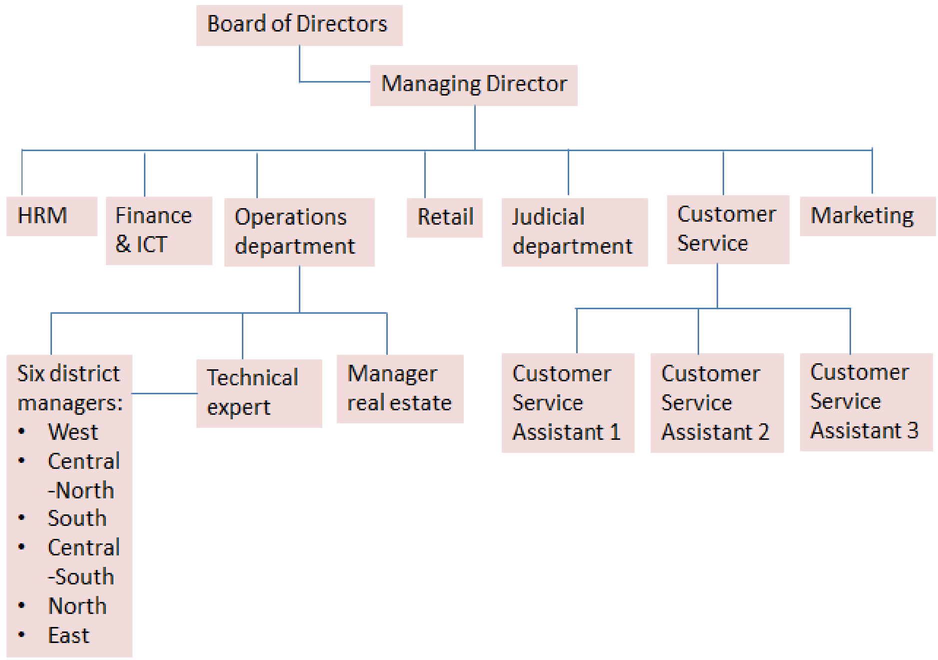

Figure 5 Organisational Chart Bart's Retail B.V. Source: Sjeng Detillon

The owners of Bakker Bart are represented in the Board of Directors. In December 2014, there was a change in the structure of the board as two owners resigned for unspecified reasons. The board of directors currently consists of three owners. As a result, there has been a slight change in the focus of Bakker Bart. The aim of the current board of Directors is to focus on brand development (Bart's Retail Food Group, 2014).

Another change in the organisational structure took place in October 2014. The managing director also resigned for unspecified reasons. His responsibilities and tasks transferred to the new managing director in October 2014 (Management Team Bart's Retail, 2014).

The new managing director soon made a few changes to the organisational structure. As a result, some people lost their jobs due to the abolishment of their positions. The changes aim to realise three important vanguards:

- Improving commercial and operational performance
- Development of Bakker Bart 2.0
- Improving the cooperation between both franchisor and franchisee

Bakker Bart 2.0 refers to the future of the shops including the processes, products, and charisma.

Bakker Bart uses technical experts to execute maintenance and to check the baking process in each store. These experts report their findings to the relevant district manager. If necessary, the district manager then discusses improvements in the baking process with the respective franchisee. There are six managers in total, each representing a certain district of the Netherlands. District managers also support their franchisees with advice on local marketing and staff. (Managing director, 2014). Presently, as Judith van der Sluijs states, the headquarter of Bakker Bart consists of 56 members (van der Sluijs, 2015).

4.6 Bakker Bart as a franchising concept

Bakker Bart is the largest franchised bakery chain in the Netherlands. In order to become a franchisee of Bakker Bart, the potential franchisee must meet several conditions:

- Commercial attitude
- Managing skills
- Results-oriented

Moreover, all potential franchisees pay a starting capital fee of €11,500 to the headquarter. In addition, franchisees must also pay an annual fee of 8% of their turnover. All agreements in terms of rent and products are defined in the contract between franchisor and franchisee.

In return, the headquarter encourages and advises franchisees on business related aspects. Furthermore, the company gives each franchisee the opportunity to learn and study to become an even better franchisee. By using internally developed training, the company strives to maintain high quality and committed attitude toward Dutch consumers. This training is provided locally with the help of the Bart's University Street (BUS) (De Nationale Franchisegids, 2015).

Bakker Bart has, however, received negative press in recent months due to dissatisfaction among franchisees. According to the contract between parties, franchisees are obligated to purchase all products via the headquarter. However, several franchisees argue that third parties are able to buy the same dough at a lower price. As a result, many franchisees are suing the headquarter for millions of euros. In addition, several franchisees claim that they are unable to pay the rising rentals charged by the headquarter. The contract between the two parties states that the rent will not be higher than 8 to 13 per cent of monthly turnover. The rental agreements concerning the rent were made in 2008, a year in which Bart's Retail B.V. declared a high turnover and profit. However, the agreement is fixed for a period of ten years. Unfortunately, the annual turnover of the regional stores did not remain as high as in 2008, and resulted in relatively high rental costs for all franchisees (Hofstee, 2013).

4.7 Corporate social responsibility (CSR)

Despite the special baking system of Bakker Bart, most Bakker Bart franchisees cope with daily leftovers. Instead of disposing of these leftovers, each franchisee gathers all leftovers during the week and freezes the products. Once a week, employees of local food aids collect the leftovers and divide it among people on social security.

4.8 Value proposition

The added value of Bakker Bart is about creating enjoyment for each moment of the day. Moreover, Bakker Bart is committed to making life a little easier. As a result, employees in each store are very helpful. Also, Bakker Bart is committed to each social class and therefore creates new offers each week. People of all social classes are welcome to taste the quality of the products. Finally, the company inspires consumers to eat and live healthy by consuming Bakker Bart products.

4.9 Products

Bakker Bart produces and sells its own brand, which includes products such as bread, bread rolls, and sweet and savoury snacks. Furthermore, the company cooperates with other quality brands such as Nescafé and Unilever. The coffee served in the shops is from Nescafé whereas the soft drinks are from Unilever. All other products sold in the shops are from Bart's Retail B.V. (Detillon, 2015). Thus, Bakker Bart offers a variety of products to its consumers. Divisions can be made for all products, namely, everyday life products, luxury products, and breakfast, lunch, and snack boxes. Everyday life products include products such as bread and bread rolls. These products are consumed daily. The bread produced by Bakker Bart contains approximately 1.8 grams of salt per 3 to 4 slices of bread (Bakker Bart , 2014). The luxury products are the products that are customised for each customer, for instance the sandwiches. Other luxury products include seasonal products, fresh smoothies, and pastries. The final segment consists of the breakfast, lunch, and snack boxes. Bakker Bart offers a fixed breakfast and lunch to customers. Furthermore, they sell a variety of sweet and savoury snacks daily. Every month, a new sweet or savoury snack is introduced to keep the innovation level high (Bakker Bart, 2015).

The production of bread and bread rolls takes place in two phases. First, in the factory in Beuningen, near the headquarter, semi-finished products are made and distributed frozen to all stores in the Netherlands. Subsequently, the regional store bakers are responsible for the raising and baking process of the semi-finished products. Thus, Bakker Bart is classified as a specialist retailer and not as an artisanal producer as it uses semi-finished products.

4.10 Product range

Width of product assortment

Depth of product assortment

Bread	Bread rolls	Drinks	Sweet snacks	Pastries	Savoury snacks	Sandwiches	Festive products
Wholegrain	Wholegrain	Fresh orange juice	Apple turnover	Apple pie	Sausages	Fixed breakfast	Easter
Wheat	Wheat	Fresh fruit shakes	Almond cookie	Creambread	Cheese-roll	Fixed lunch	Christmas
White	White	Fresh smoothies	Donuts	Fruit-cake	Cheese croissant	Customised sandwiches	Kingsday
Spelt wheat	Spelt wheat	Hot drinks	Muffins	Fruit croissant	Ham/cheese croissant		
Corn	Corn	Softdrinks	Coffee roll	Cream-cake	Minced-meat breadroll		
Multiple wheat	Cerealbread roll		© Yammy	Flans	Pizza		
Seeds	Currant bun		© Chocolate twister		Cheese-union bread		
Currant bread	© Bartjes		Chocolate croissant		Olive-pesto bread		
Sugar-loaf	French bread		Cherry turnover		Ragout bread		
Sourdough	Italian bread		Treacle-waffle				
	Croissant						
	Multiple wheat						

Figure 6 Product range Bakker Bart. Source: www.bakkerbart.nl

Bakker Bart offers an extensive variety of products to its consumers, as shown in figure 6. The figure displays the width and depth of the Bakker Bart product range. Each segment has been deepened since the founding of Bakker Bart. Moreover, Bakker Bart continues to expand its product range each month by introducing new varieties of bread, savoury and festive products. Festive products are only available for a short period when a national occasion or festival occurs. Usually, these products are available for a period of three weeks. Each segment has its own products; these products can be referred to as sub-products. Sub-products include, for instance, orange juice, fruit shakes, smoothies, soft drinks, and hot drinks.

4.11 Channels

Bakker Bart utilises the three distribution channels explained below:

1. **Physical retail stores**: the physical retail stores of Bakker Bart are its most successful distribution channel. As mentioned earlier, these stores are situated in cities of the Netherlands with a minimum number of 15,000 inhabitants (see section 4.2.1). The concept of Bakker Bart primarily focusses on 'take away' products. However, some stores do have a lunchroom.
2. **Webshop**: another distribution channel utilised by Bakker Bart is the webshop (www.bakkerbart.nl). Consumers can easily add products to their personal and digital shopping cart and collect the products at a specific store or have the products delivered at home (Bakker Bart , 2015).
3. **Bakker Bart on wheels**: this concept was introduced in April 2011 and is especially designed for festivals and events. In 2012, Bakker Bart on wheels successfully joined 13 Dutch events. The product range of Bakker Bart on wheels during events and festivals comprises the same product range as in the shops. However, the depth of the product range is narrowed, due to limited space in the mobile shop (Bakker Bart , 2012).

4.12 Conclusion of the company description

Bakker Bart has evolved into a bakery chain over the past years and has a leading position in the Dutch market. There are currently 180 Bakker Bart franchisee owned stores in cities in the Netherlands. District managers who operate on behalf of Bart's Retail B.V. support these franchisees. Although the company was able to maintain growth in terms of the number of stores, in recent years, it has had to cope with deficits. One can conclude that this is due to the unstable economic situation of the Netherlands. The mission and vision focus on healthy lifestyles, innovations and fair franchising. However, as stated in section 6.6, Bakker Bart is currently in conflict with its franchisees due to the unfair trading of Bart's Retail B.V. This detracts from a strong brand image and should therefore be solved as soon as possible. The extensive product range of Bakker Bart includes products for all ages. These products are primarily purchased in the physical retail stores. By using differentiated (segmented) marketing, the company strives to serve several target groups, namely teenagers, adolescents, families and adults. Moreover, by using undifferentiated (mass) marketing, Bakker Bart tries to attract as many target groups as possible. Furthermore, Bakker Bart is committed to each social class and has therefore designed a corporate social responsibility plan.

5 Market description

5.1 Product-positioning map

Bakker Bart positions itself as a Dutch bakery committed to each social class by presenting special offers each week. Despite the low prices, the quality of the products remains high. The product positioning map in figure 7 includes the positioning of the products without the special offers. In other words, the normal pricing strategy of the company is displayed in the product positioning map.

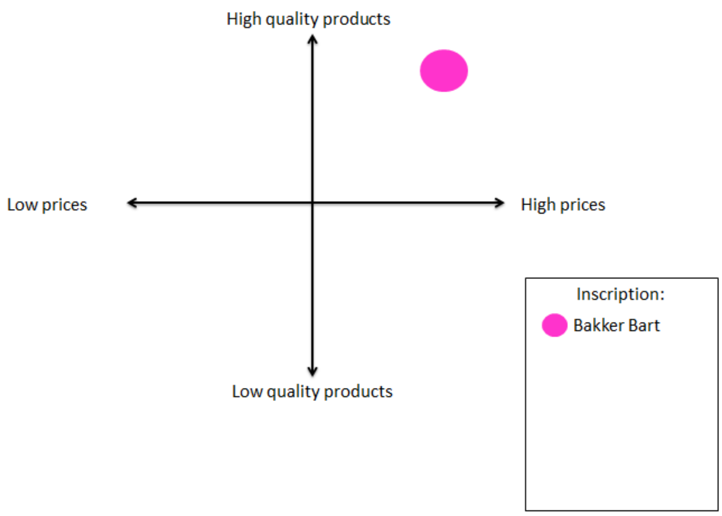

Figure 7 Product-positioning map Bakker Bart. Source: Bart's Retail B.V.

Several marketers claim that high prices often indicate high-quality (Jobber & Fahy, 2009). This is also the case with Bakker Bart. However, it remains doubtful whether the semi-finished products used contribute to high-quality products. Over the years, Bakker Bart has developed a strong and extensive product range with high-quality products. Despite the losses for Bart’s Retail B.V., the annual turnover remains stable.

Figure 7 illustrates that the company positions itself at the high end of the market in terms of the high-quality products and high prices. The high prices are due to the freshness of the products. As stated earlier, the weekly offers are not included in figure 7 as they differ each week. It can, however, be determined that the positioning of Bakker Bart is situated closer to the right side of the high-quality product line when the special offers are included. Overall, Bakker Bart positions itself as a luxury bakery when the special offers are excluded. However, including the special offers results in an accessible brand for consumers.

5.2 Abell model

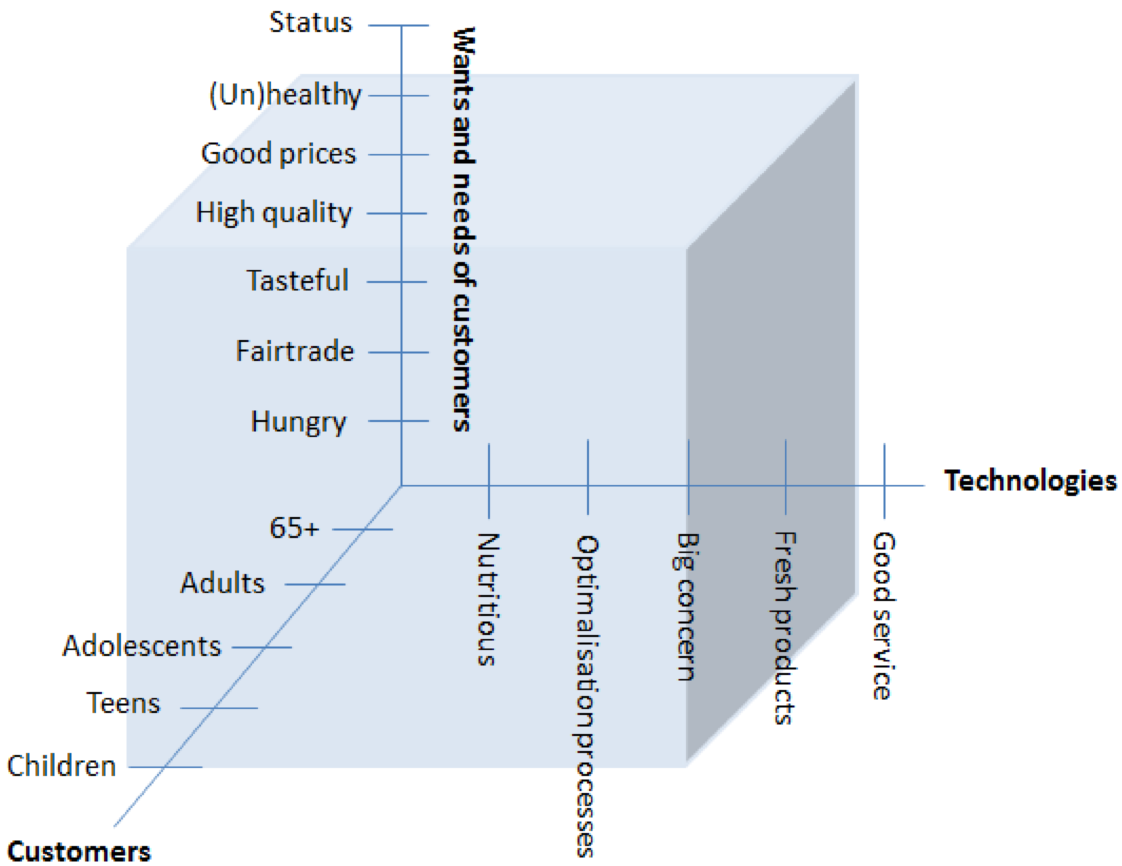

Figure 8 Abell Model of Bakker Bart. Source: Bart's Retail B.V.

As demonstrated in figure 8, the target group of Bakker Bart is broad. Bakker Bart sells products for all ages and all social classes. Due to the special offers, Bakker Bart is attractive for families as well as for teenagers, adolescents, and adults. Furthermore, nearly all consumer wants and needs are met by the products; this means that consumers will find the right products in all Bakker Bart shops. Another important aspect is the service in the shops. Due to the large number of complaints about hygiene in several shops in the Netherlands, it can be concluded that this can be improved. On the contrary, the company scored a green label during the inspection on hygiene (Nederlandse Voedsel en Warenautoriteit, 2013). To sum up, the Abell model shows the current positioning of Bakker Bart on the Dutch market: it serves a broad target group and the products cover most wants and needs of its consumers, yet it is important to improve its hygiene in all shops located in the Netherlands as well as in the potential shop in Germany.

5.3 Conclusion of market description

Bakker Bart is committed to each social class and therefore presents new offers each week. As a result, Bakker Bart is an accessible brand. However, when excluding the special offers, it positions itself at the high end of the market. So, the target market of Bakker Bart can be classified as broad.

6 Internal analysis

6.1 Strengths of Bakker Bart

S1: Extensive product range

Bakker Bart is known for its extensive range. Each store sells freshly made bread, bread rolls, drinks and sweet and savoury products as the organisation wants to serve customers all day. By offering a wide and deep product range, Bakker Bart increases the opportunity the serve consumers all day. As mentioned in section 5.2, consumers should be able to find the right products in all stores. So each consumer is welcome to have breakfast, compose his/her own lunch or to buy an afternoon snack. In order to keep these customers and attract new ones, Bakker Bart has special offers each week.

S2: Customised sandwiches

All sandwiches sold by Bakker Bart are customised for each consumer. So, whereas other stores offer fixed sandwiches, Bakker Bart gives consumers the opportunity to compose their own sandwich, which is beneficial for consumers with a specific allergy or diet. For instance, Bakker Bart uses pasteurised cheeses which is preferable for pregnant women.

S3: Newsletter and contests

Another asset is the monthly newsletter that Bakker Bart distributes to subscribers. Subscribers are those interested in the Bakker Bart newsletter and therefore enrol for this free service. These newsletters contain information about products, the production of bread and news of special offers. Furthermore, each month a franchisee shares his/her experiences with the brand. Also, each month an arbitrary subscriber is announced as the winner of a year's free bread from Bakker Bart. In other words, Bakker Bart encourages consumers to sign up for the newsletter.

S4: Interaction with consumers

Bakker Bart tries to maintain a high level of interaction by giving customers the opportunity to ask questions. Henk Flinsenberg, a bread expert, regularly gives consumers the opportunity to ask questions about Bakker Bart products. This is usually for a period of one hour. Other franchisees start their own local Facebook page to attract local customers and consumers. Sjeng Detillon, a franchisee, designed his Facebook page for the following reason: 'the aim is to create the desire for fresh products among inhabitants of Gouda' (Detillon, 2015).

S5: Innovation

As mentioned in section 4.3.2, the world is continually changing. Therefore, Bakker Bart introduces new products on a regular basis. This is a strength of Bakker Bart. For instance, spelt wheat bread is currently very popular and Bakker Bart decided to integrate spelt wheat into its product range.

6.2 Weaknesses of Bakker Bart

W1: Less growth

During the past years, Bart's Retail B.V. has made losses which is a weakness for the company as it may question the success of the concept (see section 4.2.2).

W2: Problems concerning franchising

Bakker Bart is still dealing with problems with its franchisees. As mentioned earlier, the dough sold by Bart's Retail B.V. can also be purchased by external parties for a lower price (see section 4.6). This resulted in a court case of franchisees against Bart's Retail B.V. The pronouncement is continually postponed for unspecified reasons. The dissatisfaction among franchisees is published daily in Dutch National newspapers which is disadvantageous when trying to attract local German franchisees. Moreover, the fact that Bart's Retail B.V. has fixed rental prices until 2018 shows its inflexibility.

W3: Dissimilarities among shops

A third weakness of Bakker Bart is the dissimilarity among shops in the Netherlands. Due to the disappointing turnover in shops, the disgruntled franchisees are not willing to integrate another offer into the product range. According to them, integrating more offers will lead to even lower turnover. Special offers include reduced prices on lunches, snacks, or bread. However, some franchisees do integrate the new offers into their product range. This causes dissimilarities in the ranges. As a result, customers are confused and not satisfied with the service and products of Bakker Bart.

W4: Customer complaints

The final weakness of Bakker Bart is the hygiene in shops. Even though Bakker Bart scored a green label on hygiene in 2013, customers are still not satisfied with the hygiene in Dutch shops. Composing customised sandwiches without wearing gloves is the main complaint (Nederlandse Voedsel en Warenautoriteit, 2013). In order to build long-term relationships with consumers, employees should wear gloves. Furthermore, selling high-quality products requires high standards of hygiene.

6.3 Conclusion of internal analysis

Each company has its strengths and weaknesses. The strengths of Bakker Bart include, for instance, the extensive range, the level of innovation, and the customised sandwiches. These aspects contribute to a strong brand. However, the brand also has its weaknesses. For instance, the dissimilarity among shops and the current frustration among franchisees. These aspects do not contribute to a strong brand image for Bakker Bart. The company could therefore use its strengths to reduce the number of weaknesses.

7 External analysis

7.1 DESTEP model

By using the DESTEP-model, the external environment/industry is analysed, specifically the demographic, economic, social, technological, environmental, and political aspects of Germany. An overview of the key findings is listed below.

7.1.1 Demographic aspect

The German market is attractive for a couple of reasons: economic stability and the size of the consumer market. Moreover, two major demographic trends influence German consumer behaviour: an ageing German population and the decreasing birth rate. Furthermore, the German market is the biggest consumer market within the European Union (Economic and Consumer, 2015).

According to IndexMundi, in August 2014 the population of Germany numbered 81 million inhabitants. The largest age group was aged between 25 – 54 years old (41.7%) followed by the group of people with an age of 65 years old or older (21.1%). The largest age group consists of adults and parents.

According to the www.gtai.de website, the 50+ consumer group is now more interesting than ever before, because they are the largest consumer group with the greatest purchasing power (Industries, 2015).

Three German cities can be classified as *Milionenstädte*. These are cities with a population of more than one million inhabitants: Berlin, Hamburg and Munich. Moreover, nearly 37 million people live in the 300 largest cities in Germany. The smallest city of these 300 cities is Datteln, located in the federal state *Nordrhein-Westfalen*, with a population of 37,500 inhabitants (City mayor statistics, 2015).

7.1.2 Economic aspect

The German food and beverage industry is best characterised by its small and medium-sized enterprise (SME) sector of approximately 6,000 companies. The largest sub-segments of the food and beverage industry in Germany are meat (23.3%), dairy (16.2%), baked goods (8.8%) and confectionary goods (7.7%) (Industries, 2015). In addition, as stated earlier in this report, there has been an increase in the market value of the German bread and rolls market. In 2013, an increase of 1.4 % was determined, resulting in a total value of €14 billion (see theoretical framework section 4.6) (MarketLine Industry Profile, 2014).

Gross Domestic Product (GDP) shows ‘the value of all final goods and services produced within a nation in a given year’ (IndexMundi, 2014). In Germany, the GDP was nearly €3 trillion in 2014. Moreover, by using GDP per capita, ‘the purchasing power parity is divided by population’ (IndexMundi, 2014). Therefore, the GDP per capita is integrated into this research report as it shows how prosperous a nation is. In 2014, the GDP per capita in Germany was €36,000 whereas the GDP per capita in the Netherlands was €39,370 in the same year. Although the GDP per capita of Germany is lower than that of the Netherlands, both countries are the most prosperous countries within the European Union (IndexMundi, 2014).

According to research conducted by MarketLine in 2014, 'the German labour market remained fairly resilient despite the financial debt crisis' (MarketLine, 2014). In fact, the unemployment rate only increased by 0.3% while economic upheaval removed 5.1% of Germany's annual GDP (MarketLine, 2014). 'The major factor for the turnaround has been the implementation of the "Hartz reforms" in the labour market during 2003-2005', argue MarketLine researchers (MarketLine, 2014). Its objective is to make the job market more flexible. It makes hiring and firing easier for small businesses by the deregulation of fixed-term contracts, and it relaxes the rules pertaining to part-time and temporary workers (MarketLine, 2014). According to the International Monetary Fund (IMF), 'the implementation of the "Hartz reform" reduced unemployment rates as it encouraged job seeking and eventually increased job finding rates for both short-term and long-term unemployed' (MarketLine, 2014). As a result, the supply of unemployed individuals is now higher which is a positive phenomenon for potential employers, or in this case, franchisors.

7.1.3 Social aspect

Bread is important in Germany as it makes up a large part of the German cuisine. Germany produces more varieties of bread than any other country in the world (German Food Guide , 2015). More than 300 varieties of dark and white breads and over 1,200 varieties of bread rolls are produced in Germany and can be divided in seven different categories:

- Bread made from wheat
- Breads made from a mixture of wheat flour and other flours
- Bread made from rye
- Bread made from a mixture of rye flour and other flours
- Bread made from whole grains
- Rolls and other Mini-breads
    - Smooth rolls
    - Refined rolls
    - Rolls with added flavourings
- Specialty bread

There are many types of flour. However, Germany only uses certain types of flour. A list of commonly used types includes:

- Pastry flour
- High gluten flour
- Whole wheat flour
- Rye flour
- *Pumpernickel* flour
- Sourdough flour
- Whole spelt flour

Another important aspect of German bread is the yeast used by many German bakers: most bread in Germany contains sourdough which contributes to a special flavour (German Food Guide , 2015).

7.1.4 Technological aspect

According to research published by Low Energy Ovens, 'the innovations on bakery oven technologies are limited, due to the fragmented nature of the industry' (Low Energy Ovens, 2014). However, an example of an innovation is gas heated bakery ovens. Although these ovens are more expensive to purchase, the low cost of gas could make it cheaper in the long run than new baking technologies based on electricity. However, this is inconclusive due to the high volatility of the price of gas even though the *Energiewende* focusses on less scarcity of resources such as coal and gas (Agora, 2014). It is important to highlight that the 'baking process will always be necessary for bakers; the technological threats are more related to new approaches to value delivery in the baking industry' (Low Energy Ovens, 2014). Nowadays, there is no such threat except for 'home baking'. As stated in the report by Low Energy Ovens, the trend is not a threat at this moment, however, it could become a threat in the future when a high portion of consumed bakery products is homemade (Low Energy Ovens, 2014).

Fortunately, Bakker Bart uses electric ovens. Therefore, switching to gas heated ovens is a possibility as it does not change the perceptions of consumers. However, the fluctuating prices of gas must be considered before switching to another baking system.

7.1.5 Environmental aspect

Environmental awareness among European citizens has increased in the past years. As a result, the European Union has developed a special barometer to measure the attitudes of European citizens with regard to the environment. Results of this research are interesting: 89% of the European population think that more funding should be allocated to support protection of the environment (MarketLine, 2014).

Although the European Union is committed to the environment, Germany already long ago encouraged its inhabitants and entrepreneurs by introducing *Der Grüne Punkt* (see figure 9). *Der Grüne Punkt,* also known as the 'Green Dot', was introduced in 1991 and continues to contribute to environmental protection. The aim of the Green Dot is to avoid raw materials wastes and so minimise the impact on the climate and natural environment. *Der Grüne Punkt* is the trademark of *Duales System Deutschland* and they collect and recycle sales packaging as well as electrical and electronic equipment. Furthermore, the *Duales System Deutschland* is committed to the packaging regulation. The packaging regulation was drafted in 1991 and refers to the recycling of sales packages. All entrepreneurs in Germany are obliged to comply with this regulation and must sign in at a dual system. German corporations have to pay a specified amount for all packages that are brought onto the German consumer market. Consequently, the trademark of the dual system, for instance *Der Grüne Punkt,* is placed on the packaging to prove that the corporation complies with the packaging regulation and that all products will be recycled by the dual system (Der Grüne Punkt).

Figure 9 Der Grüne Punkt, Duales System Deutschland. Source: DSD

A second environmental aspect refers to renewable energy. The German government has set up major focal points regarding the promotion of renewable energy sources, which resulted in the Energiewende. The energy supply has long been a controversial political issue (Agora, 2014). However, in June 2011 a national consensus was reached concerning renewable energy development in the electricity sector (Agora, 2014). The German energy system relied on nuclear power, coal, oil, and gas until recently. The new German energy system relies on wind power, solar energy, hydropower, biomass and geothermal energy. The main reasons for replacing the old energy system with a new one are:

- Climate
- Scare resources
- Local content

The local content of the new energy system is especially interesting for Bakker Bart as many renewable energies are produced locally. So, benefits increase on a local scale in terms of corporate social responsibility and German dependence on imported energy decreases (Agora, 2014).

7.1.6 Political aspect

The Federal Ministry for Economic Affairs and Energy states that, ‘the German democracy has been stable for over 50 years now, despite its tumultuous history’ (Federal Ministry for Economic Affairs and Energy).

According to Babette Märzheuser-Wood, ‘foreign franchisors do not face any legal restrictions when entering the German consumer market’ (Märzheuser-Wood). Furthermore, as Germany is part of the Eurozone, free trade exists with all other European Member States and all payments can be made in any authorised currency (Märzheuser-Wood). However, foreign franchisees are obliged to make euro payments in Germany. This is unlikely to change as Germany has a strong economy and is part of the Eurozone.

7.1.7 Conclusion of DESTEP model

The aspects of the DESTEP model described above are all relevant to Bakker Bart entering the German market. It is, however, important to point out that some aspects are more important to take into consideration than others. The most important external aspect for Bakker Bart is the environmental regulations that will result in extra costs. Moreover, the demographics and economic situation in Germany are attractive market aspects since Bakker Bart serves all consumer groups. In addition, the German economy is the biggest economy within the European Union and is therefore the most attractive market for Bakker Bart. However, Bakker Bart may have to change the ingredients in their bread and bread rolls by adding sourdough yeast since it is used in many types of German bread.

7.2 Industry analysis

The following model is partly derived from research conducted by MarketLine and describes the five forces of Porter. The bread and rolls market is analysed by taking manufacturers of bread and rolls as the players in the industry (MarketLine Industry Profile, 2014). Furthermore, the buyers will be seen as retailers and consumers and ingredient suppliers are key suppliers, as shown in figure 10 (MarketLine Industry Profile, 2014). The number 0 in the chart refers to a smaller threat of the five forces whereas number 4 refers to a larger threat of the five forces in the market for bread and rolls.

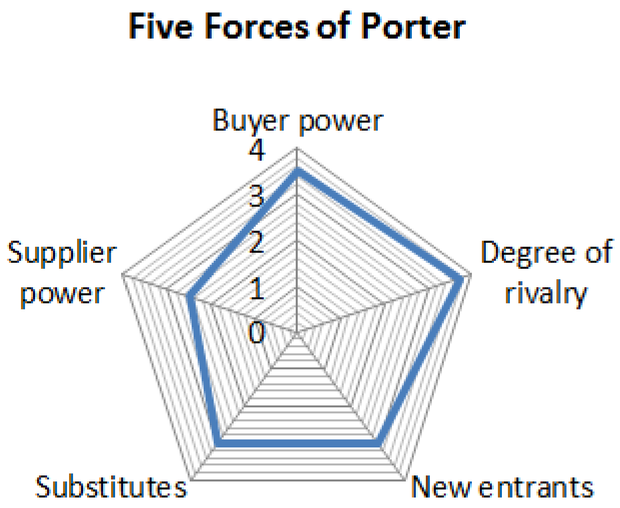

Figure 10 Five Forces of Porter Bakker Bart. Source: MarketLine

7.2.1 Buyer power

According to research by MarketLine, 'artisanal producers account for a significant proportion of market share' (MarketLine Industry Profile, 2014). However, artisanal production is gradually being replaced by large industrial producers. An advantage of these producers is the ability to produce in bulk. Some buyers, like hypermarkets and supermarkets, have successfully gained a larger market share of the bread market by 'selling wrapped bread, made by major plant bakeries at low prices' (MarketLine Industry Profile, 2014). Moreover, supermarkets and hypermarkets have introduced in-store bakeries that produce similar products to those of Bakker Bart. These in-store bakeries are a serious threat to Bakker Bart as baking bread in stores is cheaper than purchasing it from third-party manufacturers. It is, however, important to highlight that specialist retailers are still the most popular and efficient distribution channel. As mentioned earlier in this report, Bakker Bart is a specialist retailer (see section 4.9) and not an artisanal bakery. Overall, the buyer power in this industry can be classified as strong (MarketLine Industry Profile, 2014).

7.2.2 Degree of rivalry

According to the MarketLine report, 'bread is a product with a high penetration level in most countries, which ultimately leads to increased rivalry among players and increased buying power among consumers' (MarketLine Industry Profile, 2014). An important aspect to highlight is that artisanal producers focus on producing bread-related products whereas bigger players in the market also produce and sell other food products, such as savoury snacks. This phenomenon helps reduce the competition to some extent. Generally, the degree of rivalry in this market is strong (MarketLine Industry Profile, 2014).

7.2.3 New entrants

The report of MarketLine states that, 'entering the industry on a small scale is possible by selling niche products' (MarketLine Industry Profile, 2014). Moreover, new entrants should offer unique selling propositions (USP) such as new product ranges to survive competition. A possibility for a new entrant could be offering 'free from' products as consumer nutritional awareness increases. Another trend to be considered is integrating international breads into product ranges. Overall, the threat of new entrants is neutral (MarketLine Industry Profile, 2014).

7.2.4 Substitutes

The main substitutes in terms of products in this industry are breakfast cereals, pastries and gingerbread. However, according to MarketLine, 'it is not likely that bread will completely be replaced by these substitutes in the future' (MarketLine Industry Profile, 2014). A second substitute that threatens artisanal and industrial producers is home baked bread. However, as mentioned in the report published by MarketLine, 'baking bread at home is more time consuming and requires a certain level of culinary skills' (MarketLine Industry Profile, 2014). A final substitute threat is the concept of other companies such as lunchrooms. Overall, the threat of substitutes for this industry is also neutral (MarketLine Industry Profile, 2014).

7.2.5 Supplier power

Suppliers to this industry include those providing wheat flour, yeast and eggs. Players can obtain these ingredients through two ways. The ingredients can be purchased on the open market. In this situation, there is little control over prices. This method increases transparency on the market. The other way in which players can obtain ingredients, is to purchase the products via suppliers. Bart's Retail B.V. is a supplier because it delivers semi-finished products to its franchisees and third parties. The franchise company Délifrance also delivers semi-finished products to third parties and is therefore a supplier (Wer liefert was, 2015). Overall, the supplier power is assessed as weak (MarketLine Industry Profile, 2014).

7.3 Competitor analysis

The bread and rolls industry in Germany consists of many competitors, including local family-owned firms and big chains like Subway and Kamps. This section provides an overview of the main competitors of Bakker Bart should the company decide to enter the German market. The competitors are analysed on several aspects: segment, target group, product range, promotion and concept. Table 3 provides a clear overview of each competitor.

Name store	Segment	Target group	Product range	Promotion	Concept	Type of store/chain
Backwerk	Middle	15-70 years old	Wide and deep	+/-	Lunchroom/ To go	Franchise
Subway	High	20-70 years old	Wide and deep	++	Lunchroom/ To go	Franchise
Délifrance	Middle/ High	20-70 years old	Narrow but deep	++	Lunchroom/ To go	Franchise
Kamps	Middle/ High	15-70 years old	Wide and deep	++	Lunchroom/ To go	Franchise
Kiliansbäck	Middle	15-70 years old	Narrow and deep	++	Lunchroom/ To go	Family-owned
Local bakeries	Middle/ High	20-70 years old	Narrow and deep	+/-	Grocery shopping/ To go	Often family-owned
Le Crobag	High	20-70 years old	Wide and deep	+	Lunchroom/ To go	Franchise
Industrial retailers: e.g. Rewe	Low	15-70 years old	Wide and deep	+	Grocery shopping	National firms
In-store bakeries	Middle	15-70 years old	Narrow and deep	+/-	Grocery shopping/ To go	National firms

Table 3 Competitor analysis Bakker Bart. Source: Mylène van Schaik

7.3.1 Backwerk

Backwerk is a German franchise chain founded in 2001. There are 300 franchise stores in Europe and most stores are located in the federal state *Nordrhein-Westfalen*. The self-service system keeps prices low and customers are helped quickly due to the ready-made sandwiches. Backwerk offers its consumers a wide variety of products, including sandwiches, sweet and savoury snacks, hot drinks, and soft drinks (BackWerk). As a result, Backwerk focusses on all consumer groups. The ready-made sandwiches are a weakness for the company because consumers may question the freshness of the products. Overall, the competitive threat of Backwerk can be classified as high.

7.3.2 Subway

Subway is an American franchise chain founded in 1965 in the United States of America (Subway). The company has over 34,900 stores all over the world. There are 592 Subway stores in Germany. The prices of their bread rolls are higher when compared to Backwerk. The product range of Subway primarily focusses on sandwiches. Other products include (hot) drinks, salads, and rolls for children. Due to the higher prices, mainly adolescents and adults visit the stores. One strength of Subway is that consumers can order by telephone and have the products delivered to a desired address. Moreover, Subway invests money in advertising and marketing as it publishes new offers on a regular basis, in the same way that Bakker Bart does (Subway). In conclusion, the competitive threat of Subway can be classified as high with regard to sandwiches.

7.3.3 Délifrance

Délifrance is a French franchising company founded in 1983. The company has 500 stores internationally and also uses semi-finished products in order to maintain a consistent level of quality throughout its stores. The company offers a narrow selection of product types. However, the variety of products within each category can be classified as deep. The product categories available at Délifrance are bread, bread rolls, savoury snacks, drinks, and pastries. Product prices vary depending on the category and the type of product. Overall, the prices are relatively high. Unlike Bakker Bart, Délifrance does not offer sandwiches. Consumers can, however, eat and drink in the provided lunchroom. A strength of the company is the offers and innovations published on the website. In this way, Délifrance positions itself as an innovative and interesting brand (Délifrance). So, the competitive threat of Délifrance can be classified as medium.

7.3.4 Kamps

Kamps is a German franchise company founded in 1982 (Kamps). The company has approximately 500 stores located in Germany and most stores (440 stores in total) are located in the federal state *Nordrhein-Westfalen*. Kamps is a well-known concept in Germany as it offers an extensive variety of high-quality bread and bread rolls. Other products of Kamps include sweet snacks and vegeratian products. However, similar to Délifrance, Kamps does not offer sandwiches. The target group of Kamps is broad due to the extensive product range. Furthermore, Kamps delivers orders to consumers at home. Overall, Kamps is a competitor of Bakker Bart as they serve high-quality bread and bread rolls and the competitive threat can therefore be classified as medium/high.

7.3.5 Kiliansbäck

Kiliansbäck is a family-owned company founded in 1891 (Kiliansbäck). The company has increased its number of stores to 56 and focusses on the Southern federal states. The prices of the products are classified as middle as the company has new offers each week. As a result, most consumer groups are able to purchase the products. A weakness of the company is that they do not serve sandwiches. Products include bread, bread rolls, drinks, and pastries. Some Kiliansbäck stores have a ‘drive-thru’ system. Moreover, each store has a lunchroom (Kiliansbäck). Overall, the competitive threat of Kiliansbäck is medium.

7.3.6 Local bakeries

Many family-owned bakeries are located in Germany and operate on a local scale. As a result, this section is based on broad generalisations. Many local bakeries produce only bread related products such as bread and bread rolls. Products are classified as artisanal products. As a result, prices are high. Local bakeries are classified as competitors because they serve consumers with a high level of customer loyalty (Ramalinga, 2004). However, the fact that the product range of local bakeries is narrow can be disadvantageous for them in the long term. The intensity of promotions varies per shop since all shops determine their own promotions. Overall, the competitive threat of family-owned bakeries can be classified as medium/high.

7.3.7 Le Crobag

Le Crobag is a German franchising company that encourages the French lifestyle. The company was founded in 1981. In 1990, the first German shop of Le Crobag opened. Nowadays, the company has 126 franchising stores located in Germany. Stores are mainly located in high traffic areas such as train stations and large cities. Products include bread, bread rolls, sweet and savoury snacks, salads, drinks and sandwiches. Within each category, several products exists which results in a wide and deep product range. However, there are two kind of stores: those located in large cities that have a lunchroom and those located near train stations based on the 'to go' concept. As a result, consumers cannot order online (Le Crobag). Overall, the competitive threat of Le Crobag is medium.

7.3.8 Industrial retailers (e.g. Rewe)

As mentioned earlier, 'the power of industrial retailers has increased in the past years by selling wrapped bread, made by major plant bakeries at a low price' (MarketLine Industry Profile, 2014) (see section 2.6). Moreover, the advantage of industrial producers is the ability to produce in bulk. Examples of industrial retailers in Germany are Rewe, Aldi, Lidl, and Penny Market. Although the industrial retailers gained more market share in the industry, a drawback of the products is the perishable date which means that products are not freshly made. It is important to highlight that not all German inhabitants prefer industrial bread to artisanal and specialty bread. To sum up, the competitive threat of industrial bakeries is neutral.

7.3.9 In-store bakeries

In-store bakeries are defined as supermarket sub-departments. These in-store bakeries produce fresh bread and bread rolls. Supermarket Rewe is known for its in-store bakery with its extensive product range. An advantage of in-store bakeries is the fact that one-stop-shopping is gaining more popularity in Germany. In-store bakery products include approximately the same products as Bakker Bart, such as sweet and savoury snacks, bread, and bread rolls. In-store bakeries do not offer customised sandwiches. This is a weakness of in-store bakeries. Another weakness is the fact that, although supermarkets have a webshop, products of in-store bakeries cannot be ordered online. Furthermore, since in-store bakeries are part of a supermarket, products are sold on a 'to go' basis. Overall, the competitive threat of in-store bakeries is high.

7.3.10 Positioning map of all competitors

The product positioning map is based on competitor analysis and customer reviews of the relevant competitors. Moreover, the pricing strategy, quality, and freshness of the products are examined in order to be able to compare the positioning of all Bakker Bart competitors on the German market.

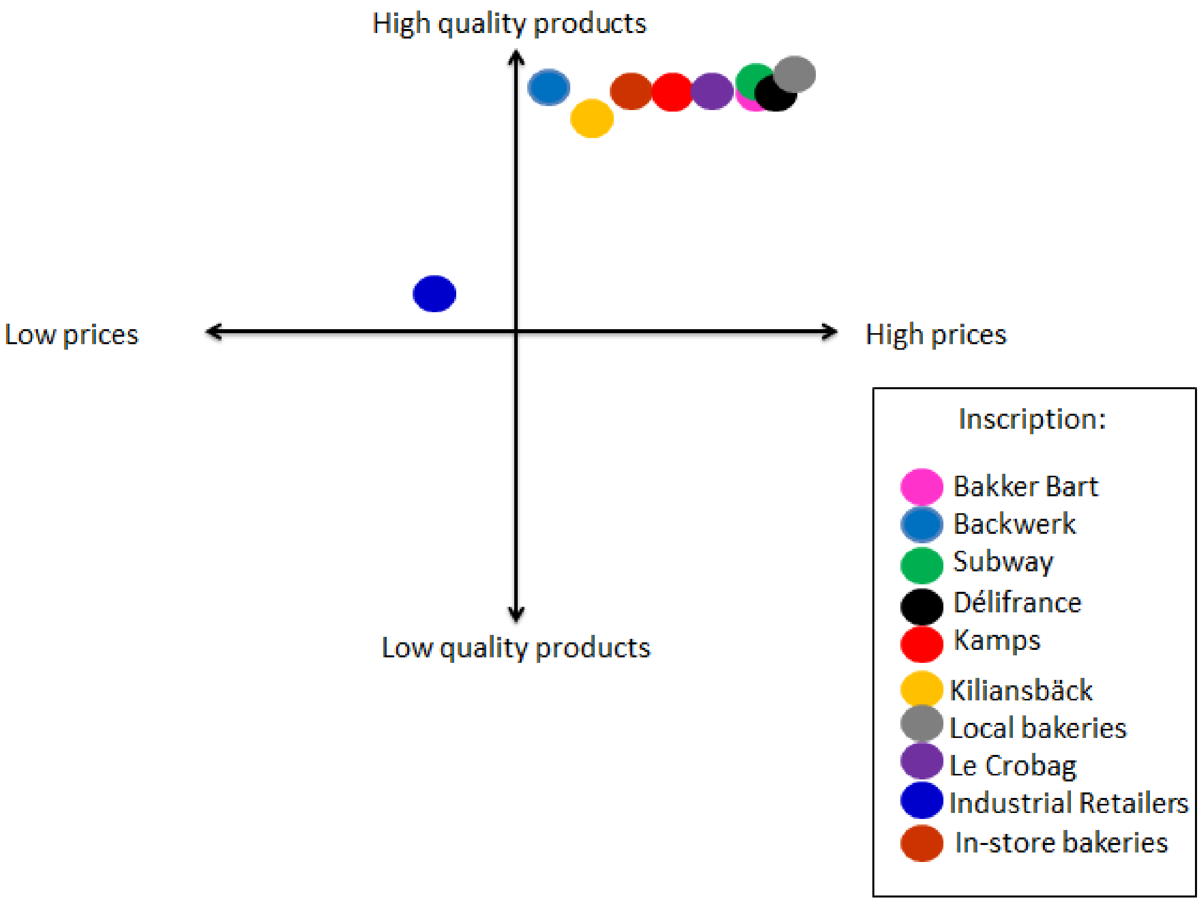

Figure 11 Product positioning map including competitors. Source: Mylène van Schaik

According to table 3 and figure 11, the German market has many competitors in the bread and bread rolls industry. The main competitor for Bakker Bart is Backwerk. Backwerk has a similar product range and its target group is comparable to that of Bakker Bart. However, the pricing strategy of Backwerk is disadvantageous for Bakker Bart as it offers its consumers more competitive prices. In terms of customised sandwiches, Subway is a competitor of Bakker Bart. Although the prices are higher, the quality and extensive product range are similar to that of Bakker Bart. Industrial retailers are not strong competition to Bakker Bart. However, in-store bakeries combined with supermarkets do pose a threat toBakker Bart due to the rising popularity of one-stop-shopping (see section 7.4.2). In conclusion, the competition in the bread and bread rolls market in Germany can be classified as high since many companies position themselves in a relatively similar manner.

7.4 External elements

7.4.1 Opportunities for Bakker Bart

O1: Product line extension

Although Bakker Bart is known for its extensive product range, there are methods to expand the current product range. Moreover, since artisanal bakeries are losing market share in Germany, SMEs could expand product ranges to include functional snacks (Nieburg, 2012). Additionally, according to the German food guide, many breads and bread rolls in Germany consist of sourdough yeast (German Food Guide , 2015). This type of yeast adds a special flavour to bread. Only one type of Bakker Bart bread contains sourdough, namely Oberländer. An opportunity for Bakker Bart could be to add bread and bread rolls containing sourdough to the existing product range as sourdough is popular in Germany (German Food Guide , 2015)

O2: Conceptual change

The competitor analysis (section 7.3) demonstrates that many competitors, except industrial retailers, have lunchrooms. As stated in section 4.11 of this report, Bakker Bart focusses on the 'take away' concept. Hence, offering German consumers a lunchroom at Bakker Bart stores in Germany could be beneficial since many competitors of Bakker Bart offer their consumers a lunchroom as well.

O3: Promotional activities to attract German franchisees

As stated in section 2.9.1 of this report, it is often difficult to attract franchisees in a foreign market. Subway therefore introduced a training centre in Germany to attract prospective franchisees. Hence, by designing promotional and informational activities, Bakker Bart may be able to attract German franchisees.

O4: German specialists at Bart's Retail B.V.

As stated in section 2.4, the German character refers to the complexity of the German market and business environment. Aspects such as conservatism, inflexibility, trust and insecurity are noteworthy elements in the German market. As a result, trading in the German market may be difficult. Therefore, hiring German specialists and introducing a German department at Bart's Retail B.V. may be beneficial as it potentially increases the possibility of business success in Germany.

O5: Corporate Social Responsibility

According to the German newspaper *Deutsche Welle,* awareness among German consumers about Fairtrade products has increased. The German market has the largest growth of sales of certified products in the world. 'Although the German market is extremely discount-driven', argues Dieter Overath, CEO of Fairtrade Germany, 'Fairtrade goods are perceived as a reasonable alternative'

(Schmeller, 2014). In conclusion, Bakker Bart could integrate Fairtrade chocolate and coffee.

7.4.2 Threats for Bakker Bart

T1: Competitive rivalry

As stated in section 7.2.2 and 7.3, the competitive rivalry in the industry for bread and rolls in Germany can be classified as high. The many firms already operating in this segment as well as the potential entrants could be disadvantageous for Bakker Bart. So, the diversity of the German stores and the competitor numbers are a threat to Bakker Bart.

T2: The rise of one-stop-shopping

The report of Edward J. Fox and Raj Sethuraman states that 'most product categories can now be purchased in several different retail formats. A retail format is comprised of stores that offer the same variety of product categories' (Fox & Sethuraman, 2006). A format that has emerged in the past years is that of supercentres. The competition between traditional retailers (e.g. bakeries) and non-traditional retailers (supercentres) is more visible. Non-traditional retailers performed better than traditional retailers did during past decades due to the availability of many products in these supercentres (Fox & Sethuraman, 2006). A good example of this is the in-store bakeries located in German supermarkets such as Rewe. Consumers can buy fresh bread and bread rolls in the supermarket. Moreover, supermarkets continue to add more freshly made products to the existing product line. As a result, consumers need not visit a bakery to buy fresh bread and bread rolls as this can be purchased in German supermarkets.

T3: Popularity of fast food

Fast food is popular in Germany. In fact, the most popular snack among German inhabitants is sausages (Taiyou Research, 2012). The diverse fast food market in Germany offers low prices to consumers. Many snacks can be bought on the streets from stands. Moreover, snacks are eaten mainly by teenagers and adolescents who form a large section of the target group of Bakker Bart. German teenagers and adolescents view fast food as less time consuming than fresh food (Taiyou Research, 2012).

T4: German character

Section 2.4 of this report refers to the complexity of the German market. For instance, the presence of conservatism as well as the inflexibility of German entrepreneurs, may lead to disadvantageous situations for Bakker Bart when entering the German market. Moreover, many entrepreneurs tend to avoid risks in business. For instance, becoming a franchisee is viewed as a risk.

7.5 Conclusion of external analysis

The external analysis gives an overview of the market in which Bakker Bart will operate if they decide to proceed into Germany. Therefore, the external analysis is relevant as it can define potential drawbacks in advance. The DESTEP model highlights the environmental aspect as the most important and relevant for Bakker Bart. Furthermore, the demographic and economic situations are attractive aspects of the German market. The five forces of Porter analyses the industry for bread and bread rolls in Germany. As mentioned in section 7.2.2, the degree of rivalry is classified as high which could be disadvantageous for Bakker Bart as it is difficult to gain market share. Furthermore, buyer power is classified as strong because of the many different distribution channels. The aspects of new entrants, substitutes, and supplier power are assessed as weak. The fact that the degree of rivalry is high is not strange when considering the competitor analysis. Nine competitors are examined and demonstrate that companies such as Backwerk, Subway, and in-store bakeries are the main competitors of Bakker Bart. This is also highlighted in the product-positioning map in section 7.3.10. Furthermore, trends in the German market are analysed and are divided into two categories: treaths to or opportunities for Bakker Bart. Threats to Bakker Bart include the rise of one-stop-shopping, the degree of rivalry, the popularity of fast food, and the German market complexity. Opportunities for Bakker Bart include a conceptual change, product line extension, expanding the corporate social responsibility programme, and designing promotional activities to attract German franchisees. To sum up, the high level of competition and the complexity of the German market and environmental regulations must be considered before entering the German market as these involve extra costs and risks; however, the opportunities increase the likelihood of success for Bakker Bart when integrating this into their concept.

8 Confrontation matrix

8.1 SWOT analysis

Combining the internal analysis with the external elements of Bakker Bart results in a SWOT analysis. The SWOT analysis identifies situations that can be improved by Bakker Bart and defines the possible drawbacks when entering the German market. The SWOT analysis below and is based on information in this research report (see table 4).

Strengths of Bakker Bart	**Weaknesses of Bakker Bart**
S1: Extensive product range	W1: Less growth
S2: Customised sandwiches	W2: Problems concerning franchising
S3: Newsletter and contests	W3: Dissimilarities among shops
S4: Interaction with consumers	W4: Customer complaints
S5: Innovation	
Opportunities for Bakker Bart	**Threats for Bakker Bart**
O1: Product line extension	T1: Competitive rivalry
O2: Conceptual change	T2: The rise of one-stop-shopping
O3: Promotional activities to attract German franchisees	T3: Popularity of fast food
O4: German specialists at Bart's Retail B.V.	T4: German character
O5: Corporate Social Responsibility	

Table 4 SWOT analysis Bakker Bart. Source: Mylène van Schaik

8.2 Confrontation matrix

The confrontation matrix shows strategic options Bakker Bart could implement when entering the German market (see figure 12). It increases the chance for success as the possible drawbacks are already examined.

There exist several formats of confrontation matrixes; however, this model is the most appropriate since it shows all elements rather than only two.

++	= Excellent point
+	= Good point
±	= Average
-	= Bad point
--	= Extremely bad point
NA	= Not Applicable

		Strengths					Weaknesses			
		Extensive product range	Customised sandwiches	Newsletter and contests	Interaction with consumers	Innovation	Less growth	Problems concerning franchising	Dissimilarities among shops	Customer complaints
Opportunities	Product line extension	++	++	++	++	++	++	NA	+	NA
	Conceptual change	+	+	++	++	++	++	NA	++	NA
	Promotional activities	NA	NA	NA	NA	NA	+	++	NA	NA
	German specialists at Bart's Retail B.V.	+	+	NA	NA	NA	±	+	+	NA
	Corporate Social Responsibility	++	++	++	++	++	++	NA	+	NA
Threats	Competitive rivalry	+	++	++	++	++	-	--	--	--
	The rise of one-stop-shopping	+	NA	++	+	+	-	-	-	NA
	Popularity of fast food	±	-	NA	NA	±	-	NA	NA	NA
	German character	NA	NA	NA	NA	NA	-	--	-	NA

Figure 12 Confrontation matrix Bakker Bart. Source: Mylène van Schaik

8.3 Strategic options

8.3.1 Strengths versus opportunities

As demonstrated, 17 out of 25 combinations are likely to result in positive outcomes for Bakker Bart, especially when the company decides to change its concept into a lunchroom with 'take away' products. Furthermore, the fact that Bakker Bart offers consumers customised sandwiches is a strength since many competitors offer fixed sandwiches. Moreover, Bakker Bart should keep the level of innovation high. The world is changing and, therefore, Bakker Bart should continually research which new trends can be enhanced by them. Overall, focussing on innovation and consumer retention are the main vanguards for Bakker Bart.

8.3.2 Weaknesses versus opportunities

As already shown in the confrontation matrix, not all combinations are possible. However, there are some good points that Bakker Bart could take into consideration when entering the German market. For instance, product line extension or serving Fairtrade coffee in order to generate more sales, which may eventually lead to higher profits for Bakker Bart. Another important aspect is to remove dissimilarities among shops in order to satisfy more consumers. Hiring German specialists in the current financial position of Bakker Bart remains questionable as it increases costs. On the other hand, it could increase the chance for long-term success as specialist knowledge concerning trade in Germany is at advanced levels. In conclusion, some aspects of this section could result in positive outcomes; however, Bakker Bart should carefully investigate these options.

8.3.3 Strengths versus threats

Nine out of 15 combinations could result in positive outcomes. There is not a strong motive to implement the other combinations as the outcome is unsure. Despite high levels of competition, the extensive product range of Bakker Bart can contribute to success in the German market as consumers should succeed in finding the right product(s) at Bakker Bart. However, the popularity of fast food is disadvantageous for Bakker Bart because it does not operate in this sector by serving French fries and hamburgers. It does however, offer sausages to its consumers. Hence, adding fast food products to the existing product range is not recommended since it does not comply with the vision of Bakker Bart. To sum up, combining strengths with threats is important to highlight what competitors are currently doing in the German market.

8.3.4 Weaknesses versus threats

These combinations are not relevant to Bakker Bart as it is predicted that the outcomes are negative. For instance, the fact that Bakker Bart is dealing with franchisee frustration and legal battles, combined with the high level of competition is not an ideal situation for Bakker Bart. Instead, Bakker Bart should focus on other strategic options in order to have a chance of success in the German market.

8.4 Entry strategies

According to the writers of the book *Export, a practical guide*, 'entering a foreign market can be accomplished via several ways, either by negotiating with consumers directly or through a third party' (Harlaar, Ouwehand, Leeuw, & Otto, 2012). Both methods have advantages and disadvantages. Bakker Bart is, as mentioned earlier, a franchise company founded in the Netherlands by Bart van Elsland (see section 4.2.1 and 4.6). Although Bakker Bart is a franchising company, all relevant entry strategies are examined in order to determine if franchising is the best entry strategy for Bakker Bart or if other entry strategies are more suitable.

As suggested in the book written by researchers Harlaar et al., 'there are two major methods of exporting products on a foreign market, namely through direct and indirect export' (Harlaar, Ouwehand, Leeuw, & Otto, 2012). Direct export refers to direct contact with the customers, e.g. a webshop. Thus, direct export eliminates intermediaries whereas indirect export uses intermediaries (Harlaar, Ouwehand, Leeuw, & Otto, 2012). Indirect export is not applicable for Bakker Bart and is therefore not examined any further.

Besides direct and indirect export, there are also three other entry strategies that are classified as legal constructions:

- Licensing
- Franchising
- Contract manufacturing

Both licensing and contract manufacturing are not applicable for Bakker Bart and are not examined any further. Researchers Marlies Harlaar, Michiel Ouwehand and Otto de Leeuw assert that 'each company that is planning on operating internationally should examine the possibilities and drawbacks of each strategy in order to prevent itself from faults on the foreign market' (Harlaar, Ouwehand, Leeuw, & Otto, 2012). In addition, since Bakker Bart is known its disgruntled franchisees, strategies on how to enter the German market should be carefully examined, as the media tends to overreport ethical breaches of businesses (see section 2.9.3). In other words, if something goes wrong, the image of Bakker Bart could be further affected which will be disadvantageous for Bakker Bart.

8.4.1 Direct export

Direct export is probably the fastest way of exporting to a foreign market as the exporting company negotiates directly with its consumers (Harlaar, Ouwehand, Leeuw, & Otto, 2012). Advantages include interpersonal contact with consumers and the fact that the exporting company has more control over the export process. Because of this, it is likely that the exporting company will generate more profits. Moreover, it is likely that new offers integrated into the product range will increase since the exporting company, in this case Bart's Retail B.V., has control (see section 6.2). However, higher costs are inevitable as more staff is needed to organise all activities. Hence, Bakker Bart should consider hiring German trading experts. Direct export to complex markets is difficult as complex markets often refer to specific business cultures, such as the German character (see section 2.4). In conclusion, despite the higher costs and the complex market, direct export is a possibility for Bakker Bart as it gives the company more control in the introduction phase of exporting as well as knowledge about the German market.

8.4.3 Legal contructions

As mentioned earlier in this report, Bakker Bart is a franchising chain in the Netherlands and Belgium (see section 4.6). Since the German market is a complex market and the strategy should be carefully selected, it is recommended that Bart's Retail B.V. starts with direct export. Once the company has gained more knowledge about the German market, it could change its strategy into franchising, as the prospective franchisee will probably be a German inhabitant with a commercial attitude and knowledge about the wants and needs of German inhabitants. If Bakker Bart decides to start franchising in Germany in the future, the revenue model for Bart's Retail B.V. would be similar to the revenue model of Bart's Retail B.V. for domestic franchisees (see table 5).

Obligated costs for domestic franchisees at Bakker Bart:	Would this also be applicable for prospect franchisee in Germany?	Type of revenue for Bart's Retail B.V.
Start-up costs	Yes	One-time revenue
Fee over turnovers (monthly)	Yes	Variable revenue
Rent (monthly)	Yes	Fixed revenue
Semi-finished products (weekly)	Yes	Variable revenue
Soft drinks via Bart's Retail B.V.	No (see section 9.1.1)	Not applicable
Services in terms of quality and service maintenance (monthly)	Yes	Variable revenue
Software lease for cash desks (monthly)	Yes	Fixed revenue
Insurances (monthly)	Yes	Fixed revenue

Table 5 Revenue model Bart's Retail B.V. Source: Sjeng Detillon

8.4.4 Conclusion of entry strategies

Currently, Bart's Retail B.V. is known for dissatisfaction among its franchisees. Therefore, it is important to carefully select an appropriate entry strategy. If ethical breaches or other faults occur, the media will probably overreport these scenarios. As a result, only two entry strategies are relevant for Bakker Bart: direct export and franchising. Direct export seems to be the most appropriate entry strategy for Bart's Retail B.V. as it gives the company more control over the export process and the likelihood that new offers will be integrated in the current product range will increase. Moreover, the company will gain more knowledge on the German market. Once Bart's Retail B.V. has been able to build brand recognition among German inhabitants in a particular area, the company could decide to start franchising. The revenue model for Bart's Retail B.V. will be similar to the revenue model for

Bart's Retail B.V. for domestic franchisees. To sum up, direct export is relevant for Bart's Retail B.V. in the beginning and franchising can commence once brand recognition among German inhabitants in a particular area exists.

8.5 Conclusion of confrontation matrix

The strengths, weaknesses, opportunities and threats form the SWOT analysis for Bakker Bart. The SWOT analysis gives an overview of the internal and external environment of Bakker Bart. In addition, the SWOT analysis is used to design a confrontation matrix that helps define future strategic options for Bakker Bart. Combining the strengths and opportunities of Bakker Bart results mainly in positive outcomes. Therefore, Bakker Bart should focus on these options instead of focussing on weaknesses and threats. An example of a strategic option is the conceptual change that can be promoted via the newsletter. Finally, entry strategies are examined to ascertain whether franchising is the most appropriate form of entering the German market. It seems that direct export is most appropriate for Bart's Retail B.V. in the beginning. Once brand recognition among German inhabitants in a particular area exists, the store can be sold to a German franchisee with a commercial attitude and knowledge of the German market.

9 Research findings

This section highlights field research findings. Two interviews concerning German environmental and franchising laws were held. Both interviews are in the appendix (see appendix 12.1 and 12.2). In addition, German wants and needs were examined by using a questionnaire. The results of these questionnaires are in section 9.2. Based on the results, the conclusion and recommandation are written for Bakker Bart.

9.1 Results of interviews

9.1.1 Deutsch-Niederländische Handelskammer

As communicated earlier in section 7.1.5 of this report, Germany instituted a packaging regulation in 1991 by introducing *Der Grüne Punkt.* The aim of the introduction of *der Grüne Punkt* was to avoid wasting raw materials, and to minimise impact on the climate and the natural environment. As a result, recycling started in Germany. Based on this information, an interview was held with Project Manager Trade Fairs and Recycling in Germany of the Deutsch-Niederländische Handelskammer Johanna Maukner.

The German packaging regulation (‘*VerpackV’)* is based on nine dual systems and is aimed at all entrepreneurs operating in Germany who bring sales packaging for end consumers into the German market. No exceptions are made for other European and non-European nationalities. Each country operating in Germany must comply with this rule (Maukner, 2015). According to the DNHK, sales packages are ‘all such packaging which is first unpacked and disposed of by the user of the packaged product and not already emptied at upstream trade levels’ (DNHK, 2013). In addition, sales packages are further differentiated between private end consumers and commercial end consumers (DNHK, 2013). According the DNHK, ‘*VerpackV* is specifically aimed at private end consumers (B2C) which include households and comparable places where waste occurs from packaging, in particular restaurants, canteens, hotels, service areas and administration facilities’ (DNHK, 2013). The responsibility of the nine dual systems is to register and recycle packages. The registration and recycling process is paid indirectly by the entrepreneurs as they pay a certain amount per type of package (Maukner, 2015).

In the past, the packaging regulation was dominated by only one dual system, namely Duales System Deutschland GmbH (DSD). However, according to Johanna Maukner, the German government changed this when it decided that the DSD monopoly was no longer allowed (Maukner, 2015). As a result, eight other dual systems were introduced from 2003:

- Landbell AG für Rückhol-Systeme
- BellandVision GmbH

- EKO-PUNKT GmbH
- INTERSEROH Dienstleistungs GmbH
- Reclay VfW GmbH
- RKD Recycling Kontor Dual GmbH & Co. KG
- Veolia Umweltservice Dual GmbH
- Zentek GmbH & Co KG

As stated earlier, all dual systems are responsible for the registration and recycling of waste. Therefore, it can be concluded that the roles and responsibilities of the nine dual systems are equal, except for the price, Johanna Maukner argues (Maukner, 2015). Two out of nine dual systems are represented by the DHNK: Duales System Deutschland GmbH – Der Grüne Punkt and Landbell AG. Table six highlights the difference in prices. Prices reflect the prices per kilogram. Unfortunately, prices of other dual system are unknown.

Type of material	Duales System Deutschland – Der Grüne Punkt	Landbell AG
Glass	€0.08	€0.07
Paper/Cardboard	€0.18	€0.17
Can	€0.62	€0.64
Aluminium	€0.85	€0.70
Plastic/Synthetic materials	€1.25	€1.20
Layered packages consisting of cardboard	€0.75	€0.70
Other layered packages	€1.00	€0.92
Environmental packages (e.g. wood)	€1.00	€1.00

Table 6 Prices of two dual systems in Germany. Source: DNHK

Overall, DSD is more expensive than Landbell. Johanna Maukner argues that Dutch exporting companies prefer lower prices rather than the high level of service delivered by a dual system. However, Johanna Maukner argues, ‘some clients of us prefer to work with DSD as the reputation and brand recognition of DSD is better than the reputation of other dual systems’ (Maukner, 2015). Furthermore, Johanna Maukner states that many clients of the DNHK experience the German packaging regulation in different ways. However, the main complaint of clients of the DNHK is the disparity among European Member States: ‘the packaging regulation in Germany is different than the packing regulation in for example, the Netherlands, Spain, or Portugal’ (Maukner, 2015).

The main categories applicable to Bakker Bart are those of paper and plastic/synthetic materials as Bakker Bart packages its sandwiches in paper and plastic bags. Furthermore, fresh smoothies and fruit juices are packed in synthetic cups.

All dual systems operate on a national scale in Germany, so no distinction is made for a certain region and/or area. Sub-contractors of the dual systems however, operate locally to gather the waste and recycle it into new packaging.

Another aspect of the packaging regulation is the deposit on plastic bottles such as those for soft drinks. This aspect is complicated for both Bakker Bart and its franchisees. According to the franchising contract of Bart's Retail B.V., franchisees are obligated to purchase soft drinks via Bart's Retail B.V. However, since plastic bottles also need to be registered at a dual system, it is better to buy the plastic bottles via the local producer, for instance Coca-Cola. According to Johanna Maukner, 'it would be easier to let the franchisee purchase the soft drinks because then Coca-Cola will register the bottles at a dual system' (Maukner, 2015).

The German Ministry of Environment controls the packaging regulation. The contact details of the relevant dual system are highlighted on packages and by using sample surveys, the ministry monitors compliance of the law. If a company is not registered at a dual system, the company receives a €50,000 fine per category (Maukner, 2015).

Johanna Maukner states during the interview that Bakker Bart should distinguish itself from other German bakeries and that 'maybe Bakker Bart could change the concept for Germany… they could for example create a bar or lunchroom so people can have lunch. Many German bakeries have this as well. More important, perhaps they could introduce Dutch products on the German market. I know many Germans like Dutch products…' (Maukner, 2015)

9.1.2 Conclusion research findings DNHK

In 1991, the German packaging regulation was introduced mainly to avoid wasting raw materials. The dual system DSD had a monopoly in the recycling market but the German government decided that this was no longer allowed. As a result, eight other dual systems were introduced from 2003. The similarity between the dual systems is that the systems are all responsible for registering and recycling packaging. The main difference between the dual systems is the price that entrepreneurs pay for a certain material. The packaging regulation is compulsory for all German and foreign entrepreneurs that are active in the German market. As Johanna Maukner stated, most Dutch firms choose to work with less expensive dual systems. So, the packaging regulation is also applicable to Bakker Bart as the regulation is applicable to all nationalities and the company packages sandwiches in paper and plastic/synthetic materials.

9.1.3 Deutscher Franchise-Verband E.V.

As asserted in section 2.9.3, the opportunities for ethical violations are numerous due to the complex franchisor and franchisee operating networks. Researchers Preble and Hoffman argue that 'it is not just a binary model which only includes the franchisee and franchisor' (Preble & Hoffman, 1999). It includes employees, suppliers, customers and consumers, the media and governmental agencies (Preble & Hoffman, 1999). More importantly, researchers Preble and Hoffman assert that 'little is known about what the franchising sector is doing internationally to provide ethical guidance to its members' (Preble & Hoffman, 1999).

Some European Member States, such as Belgium, France, Italy, and Spain have designed a franchise law that partially guarantees the rights of both franchisor and franchisee (Deutscher Franchise-Verband E.V. , 2015). However, according to the guide *International Franchising* published by DFV, 'franchise law in Germany is based on qualified general conditions and leaves scope for individual agreement design' (Deutscher Franchise-Verband E.V. , 2015). Moreover, as Torben Leif Brodersen states, 'the European Code of Ethics is the basis of our work. This means that, although there is no legislation, the government has recommended to self-regulate' (Brodersen, 2015). This means that franchisors and franchisees can construct their own agreement. However, as Torben Leif Brodersen states, 'the agreement should be in line with the European Code of Ethics and with all other relevant German laws' (Brodersen, 2015). An example of a relevant German law is the pre-contractual law, which is part of Civil law. Torben Leif Brodersen states that 'several years ago, this particular law was more franchisor friendly and now it is more franchisee friendly' (Brodersen, 2015). The shift towards a more franchisee friendly pre-contractual law is because of cases brought to court by franchising companies in the past. So, one can conclude that the lack of presenc of a German franchising law creates a flexible environment for both parties. This could however lead to misunderstandings between franchisees and franchisors.

According to Torben Leif Brodersen, 'there is no need to design a franchise law in Germany' (Brodersen, 2015). The European Code of Ethics functions as a framework for franchising companies. So, each franchise agreement should comply with the European Code of Ethics. In addition, the German Court of Justice consults former relevant cases to determine what the judgement should be (Brodersen, 2015).

The DFV functions more as a controlling company for its members rather than as a legislative body. Furthermore, it uses quality management to check whether its members are fair franchisors and franchisees. These inspections take place every three years by using sample surveys. If the member is fair in franchising, he/she will receive a certificate (Brodersen, 2015). Torben Leif Brodersen is passionate about representing fair franchising in Germany (Brodersen, 2015). Unfortunately, Torben Leif Brodersen was not able to share the experiences of other franchisors in Germany as this differs per member. However, as he states, ‘Subway had some difficulties with franchising in Germany since they multiplied too quickly and they did not change the concept’ (Brodersen, 2015).

Overall, Torben Leif Brodersen advises Bakker Bart to start with a pilot study. These tests examine whether a conceptual change is needed. Moreover, starting with a pilot results in significant lower costs when the company is not successful on the foreign market (Brodersen, 2015). Another aspect mentioned in the interview is the minimum wage. The minimum wage for this sector is €8.15 and caused a lot of trouble in Eastern-Germany since many entrepreneurs are not able to pay this. As a result, the competition level is lower in this part of Germany (Brodersen, 2015). However, Torben Leif Brodersen also mentions that the level of competition is high in other areas in Germany. Competitors such as Backwerk and Backfactory offer low prices to its consumers. Moreover, in-store bakeries in supermarkets such as Aldi and Lidl offer consumers even lower prices. Therefore, Bakker Bart should not position itself at the high end of the market, advises Torben Leif Brodersen (Brodersen, 2015)

9.1.4 Conclusion research findings DFV

So, ‘little is known about what the franchising sector is doing internationally to provide ethical guidance to its members’ (Preble & Hoffman, 1999). This is because there is no specific regulation on franchising in Germany. As a result, German franchisors and franchisees depend on the European Code of Ethics, previous cases, and other relevant laws, such as the pre-contractual law. These should guide the design of the franchise agreement. One can conclude that the flexibility of the franchise law creates misunderstandings and/or confusion. Torben Leif Brodersen recommends that Bakker Bart start with a pilot study to determine if a conceptual change is needed.

9.2 Results of questionnaires

As mentioned earlier in this report, 388 German inhabitants mainly residing in the federal state *Nordrhein-Westfalen* were surveyed to determine the wants and needs of consumers concerning bakeries (see section 3.2.1).

Figure 13 shows that the respondent profile is diverse. Females were more willing to participate in the research. In addition, since the questionnaires were distributed in Europe's biggest shopping centre in Oberhausen, the likelihood that more women were willing to participate in the research was higher as more women tend to shop than men do. The questionnaires were distributed over two days and there was no difference noted between the two days. Out of 388 respondents, 321 are residents of the federal state *Nordrhein-Westfalen*, and other participants are residents of the federal states *Niedersachsen, Bremen, Bayern, Berlin, Brandenburg,* and *Hessen.*

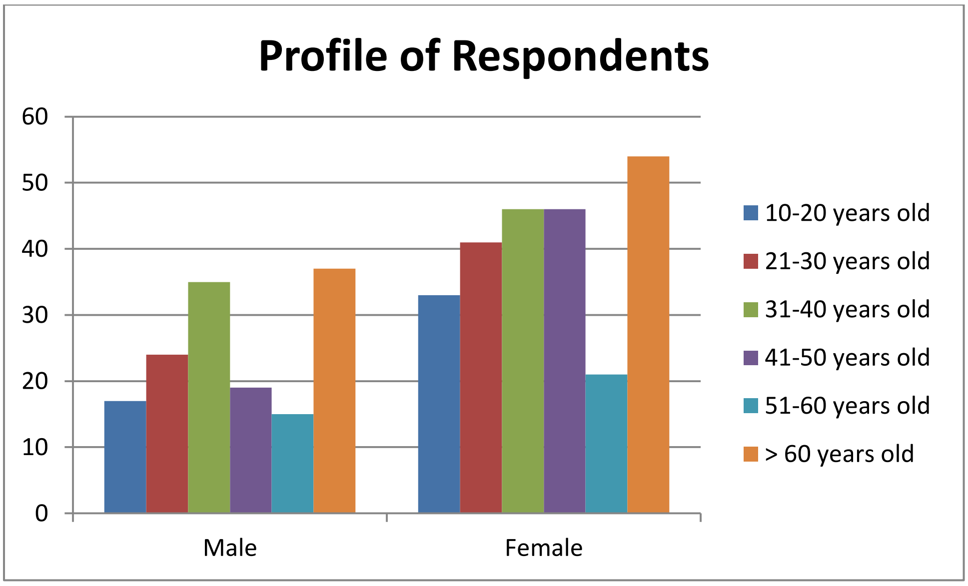

Figure 13 Profile of Respondents. Source: Mylène van Schaik

The third question of the questionnaire is as follows: 'How often do you visit a bakery in Germany?'. Results are analysed based on the respondent ages (see table 7 on the next page).

	1-5 times per month	6-10 times per month	>11 times per month	1-3 times per week	4-6 times per week	Every day	Total
10-20 y/o	7 (14.9%)	9 (20.5%)	2 (5.7%)	20 (18.9%)	4 (6%)	8 (9%)	50
21-30 y/o	5 (10.6%)	5 (11.4%)	6 (17.1%)	24 (22.6%)	13 (19.4%)	12 (13.5%)	65
31-40 y/o	10 (21.4%)	8 (18.2%)	9 (25.7%)	18 (17%)	19 (28.4%)	17 (19.1%)	81
41-50 y/o	11 (23.4%)	10 (22.7%)	5 (14.3%)	16 (15.1%)	9 (13.4%)	14 (15.7%)	65
51-60 y/o	5 (10.6%)	2 (4.5%)	4 (11.5%)	8 (7.5%)	7 (10.4%)	10 (11.2%)	36
>60 y/o	9 (19.1%)	10 (22.7%)	9 (25.7%)	20 (18.9%)	15 (22.4%)	28 (31.5%)	91
Total	47 (100%)	44 (100%)	35 (100%)	106 (100%)	67 (100%)	89 (100%)	388 (100%)

Table 7 Number of bakery visits by German inhabitants. Source: Mylène van Schaik

The third, fourth, sixth, and seventh column of table 7 are important and relevant to Bakker Bart as they show that many German inhabitants visit bakeries regularly. Moreover, as shown in the same table, people aged between 31 and 40 years old, together with the consumer group with an age of 60 years and older, are the two biggest consumer groups at bakeries in Germany.

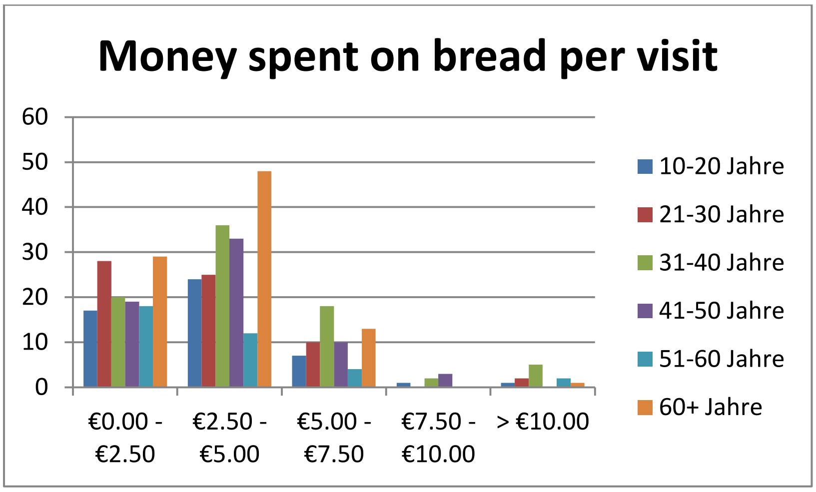

Figure 14 Money spent on bread per visit. Source: Mylène van Schaik

As shown in figure 14, the consumer group with an age of 60 years and older spend more on bread than other consumer groups. Moreover, most respondents pay between €2.50 and €5.00 on bread per visit. Behaviour relating to the buying of sandwiches is different to the buying bread; the oldest consumer group also purchases more sandwiches compared to other consumer groups. It is however important to note that the first price category of bread (€0.00 - €2.50) is used for this analysis. A comparison between figure 14 and 15 shows that more money is spent on sandwiches than on bread in the first category (€0.00 to €2.50) which is significant since customised sandwiches prices are usually higher than the bread prices (van Schaik, 2015). Preparing sandwiches is perceived as time-consuming and customised sandwiches can be classified as luxury products and are therefore more expensive.

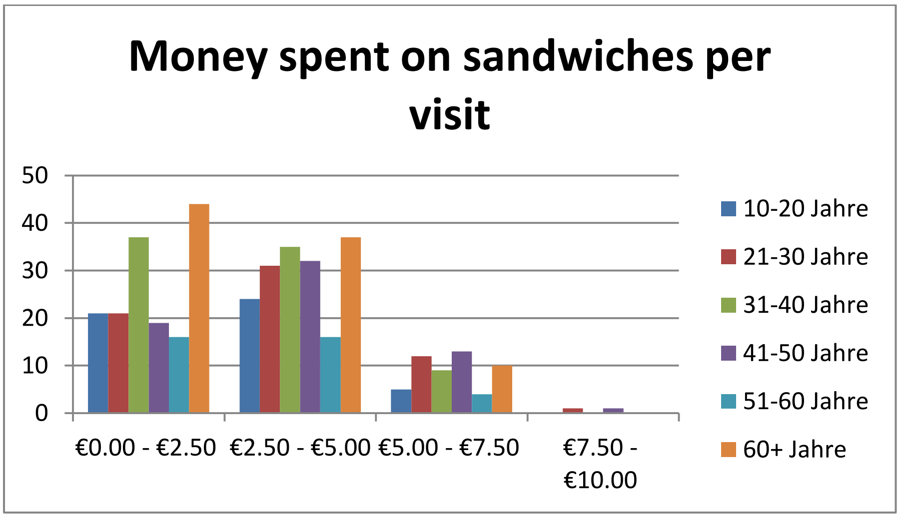

Figure 15 Money spent on sandwiches per visit. Source: Mylène van Schaik

Analysis of the research findings on consumer buying behaviour with regard to sweet and savoury snacks shows that most respondents spend between €0.00 - €2.50 on snacks (see figure 16) which also applicable for fresh juices (see figure 17).

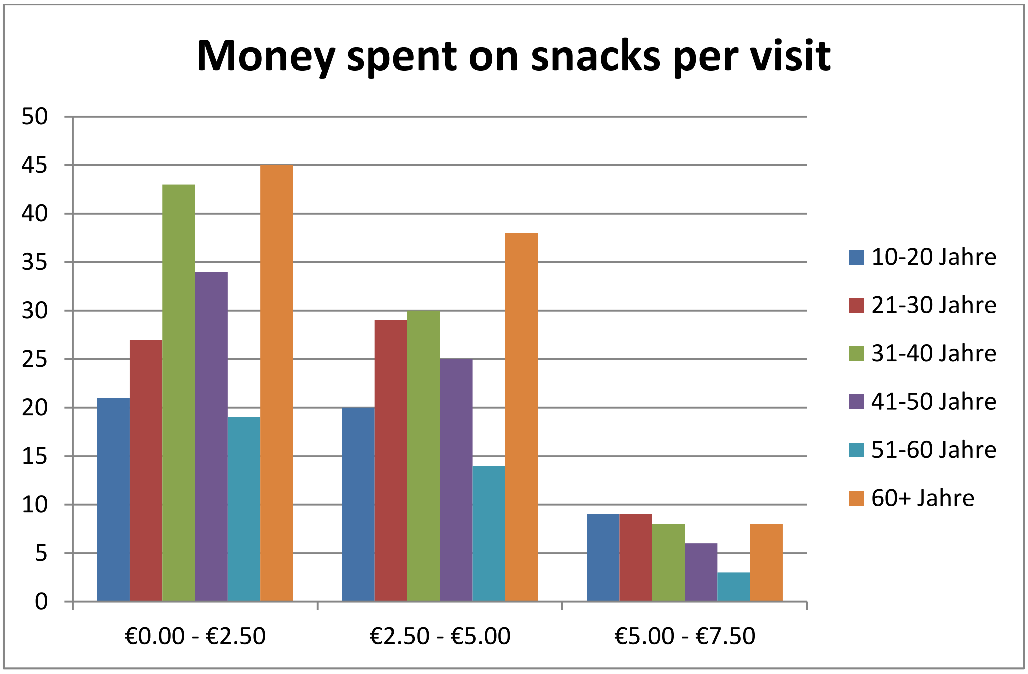

Figure 16 Money spent on snacks per visit. Source: Mylène van Schaik

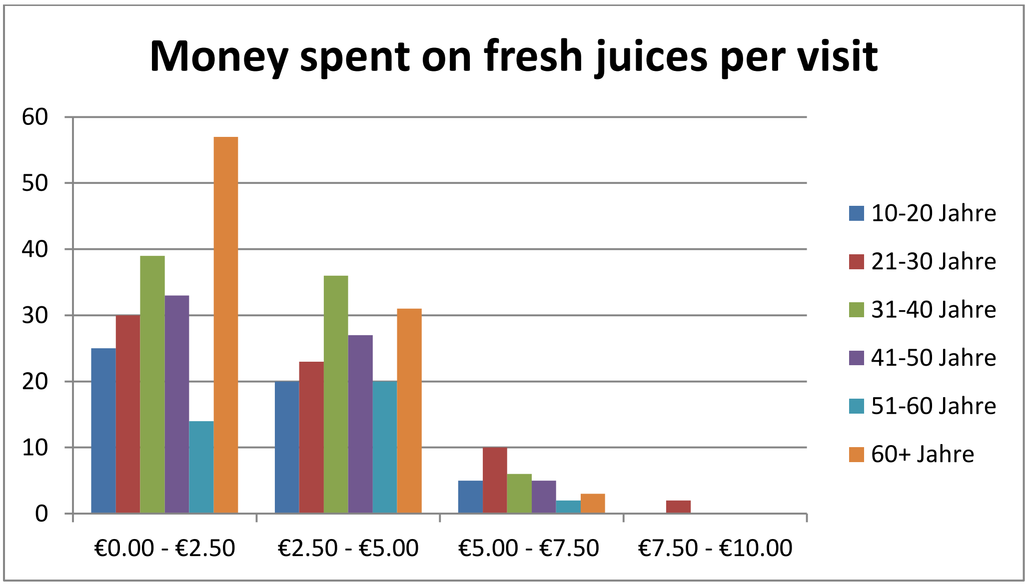

Figure 17 Money spent on fresh juices per visit. Source: Mylène van Schaik

Respondents purchase most products from in-store bakeries (19%), Backwerk stores (20%), and local bakeries (22%), which are often artisanal bakeries (see figure 18) (van Schaik, 2015).

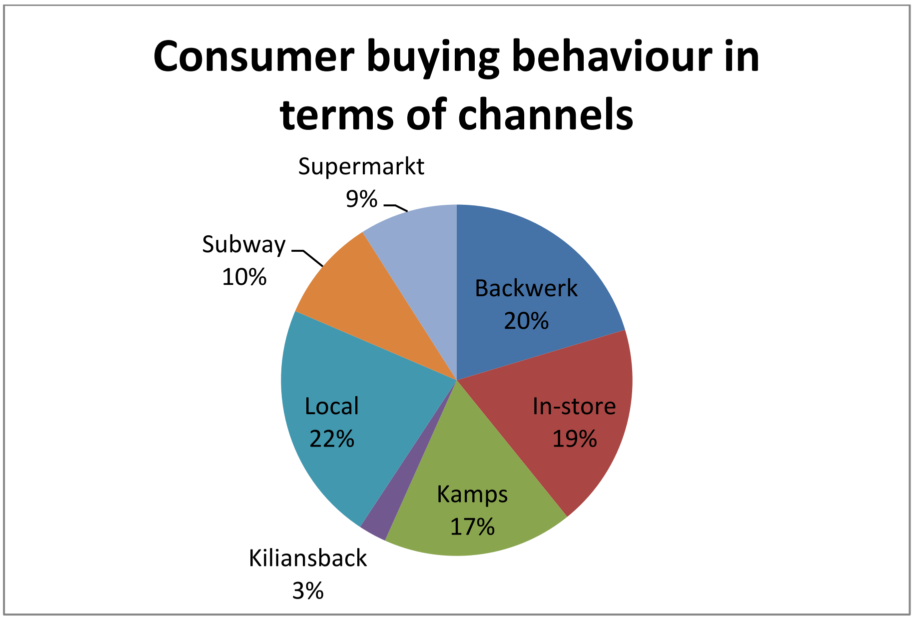

Figure 18 Consumer buying behaviour in terms of channels. Source: Mylène van Schaik

When questioned on the product range of these bakeries, 234 respondents said they consider the product range of the bakeries as sufficient (60.3%), 102 respondents said it is insufficient (26.3%) and other respondents do not have a firm opinion about the product range (13.4%) (van Schaik, 2015). Of the 234 respondents who are satisfied with the product range, 64 are also satisfied with the prices. Moreover, 105 respondents consider the prices as expensive (see table 8).

	Inexpensive	Fair prices	Expensive	No clear opinion about the pricing strategy	Total
Insufficient range	15 (27.3%)	21 (20.4%)	49 (28.2%)	17 (30.4%)	102
Sufficient range	33 (60%)	64 (62.1%)	105 (60.3%)	32 (57.1%)	234
No clear opinion about the range	7 (12.7%)	18 (17.5%)	20 (11.5%)	7 (12.5%)	52
Total	55 (100%)	103 (100%)	174 (100%)	56 (100%)	388 (100%)

Table 8 Consumer opinions about prices and range. Souce: Mylène van Schaik

Question 12 of the questionnaire refers to the willingness of German inhabitants to pay more for fresh products. A total of 315 respondents are willing to pay a higher price for fresh products, which is beneficial for Bakker Bart as it only sells fresh products.

The final question of the survey was about German customer loyalty. A total of 258 German inhabitants think that it is likely that they will visit Bakker Bart in Germany (66.5%). In addition, 72 respondents (18.6%) do not have a clear understanding of the brand and are therefore not sure whether they will visit a Bakker Bart. A small percentage of the respondents (14.9%) are not likely to visit Bakker Bart.

9.3 Conclusion of the questionnaires

A total of 388 German citizens mainly residing in the federal state *Nordrhein-Westfalen* participated in the research on the wants and needs of consumers at bakeries in Germany. In addition, all consumer groups were surveyed since Bakker Bart uses undifferentiated marketing and therefore reaches all ages in its stores (see section 4.4). According to the results of the questionnaires, the consumer group with an age of 60 years and older seems to have a diverse buying pattern at bakeries in Germany. This particular consumer group spends the most money on bread. Other consumer groups purchase sandwiches and sweet and savoury snacks on a regular basis. The amount of money spent on products depends on the product category and the age of the consumer. Furthermore, most respondents buy their products at Backwerk, local bakeries and, at supermarket in-store bakeries. Most respondents consider the product range at these stores as fair. However, according to 105 respondents, prices are too expensive. Customer loyalty is classified as medium since many respondents consider themselves as potential consumers of Bakker Bart. Overall, the wants, needs, and perceptions of German inhabitants concerning bakeries vary per consumer group.

10 Analysis

As stated in section 2.1 of this research report, researcher James R. Markusen argues that, 'a multinational corporation must arise due to the fact that it possesses some special advantage such as superior technology' (Markusen, 1995). As a result, he introduced the OLI framework to research the special advantages of Bakker Bart. Results are in table 9 below.

OLI framework designed by researcher James R. Markusen	
Ownership (O)	Bakker Bart integrates high-quality products in its product range and regularly offers these products at low prices to its consumers. Moreover, the level of innovation is maintained high, through the introduction of new products on a regular basis. In conclusion, the high-quality products and the high level of innovation contribute to the organisation's ownership advantage of Bakker Bart and can be classified as their unique selling proposition.
Location (L)	Since Bakker Bart only offers fresh products, the production process should automatically take place in the store in Germany where semi-finished products are baked. This does not result in higher fixed costs for Bart's Retail B.V., variable costs will, however, rise due to the higher energy consumption. Furthermore, transporting baked products will not guarantee the freshness of the products and this will have consequences for the quality. So, it is beneficial for Bakker Bart to transport the semi-finished products made in Beuningen by road as it guarantees the equality of the products and to bake these semi-finished products in the store located in Germany as it guarantees the freshness of the products which is profitable for the brand in terms of quality control.
Internationalisation (I)	Semi-finished products and packaging materials used by Bakker Bart stores in the Netherlands can be transferred to Germany by road. The headquarter of Bakker Bart is located in Beuningen, which is close to the German border. Furthermore, the production process should take place in the store in Germany because all products offered by Bakker Bart are freshly made, therefore, transporting fresh products will not contribute to the high-quality.

Table 9 OLI framework for Bakker Bart. Source: Mylène van Schaik

Considering the European legislation with regards to trade, a regulation regarding the transport of goods was adopted in 1991 which allowed European Member States to transport goods by road transport across European borders. All vehicles crossing European borders are checked and if they comply with the road transport requirements, they will receive a Community Authorisation. So, Bart's Retail B.V. must consider this European legislation, as their vehicles must comply with the requirements.

A second European regulation which is applicable for Bakker Bart and was initiated by the WHO is the percentage of salt integrated in food. In other words, the WHO recommends that people consume no more than 5 grams of salt per day; this will not affect Bakker Bart as they already comply with this guiding principle. Three to four slices of Bakker Bart bread contain approximately 1.8 grams of salt.

A third European law with regards to competition among European Member States is applicable for Bakker Bart, however, this law will not have significant consequences for Bakker Bart. As stated in article 102 of TFEU, 'any abuse by one or more undertakings of a dominant position within the internal market or in a substantial part of it shall be prohibited as incompatible with the internal market in so far as it may affect trade between Member States' (van Ooik & Vandamme, 2013). Bakker Bart entry to the German market will not result in a dominant position for the company as the level of competition in Germany is high (see section 7.2.2).

Not only European laws will be applicable for Bakker Bart when entering the German market. The most important German law for Bakker Bart will be the environmental law and the German labour act. In 1991, the German government adopted a packaging regulation to prevent raw material wastage. The packaging regulation is compulsory for all domestic and foreign entrepreneurs and will result in extra costs for Bart's Retail B.V. or higher prices for consumers because all types of materials need to be registered at a dual system (e.g. plastic, can, aluminium,glass, and paper) . Nine dual systems operate in Germany and the main differences between the systems are the prices and service delivered by the system. Johanna Maukner states that 'some Dutch clients of us prefer to work with DSD as the reputation and brand recognition of DSD is better than the reputation of other dual systems' (Maukner, 2015). So, it depends on each company which dual system is used. Overall, DSD has a better reputation than other dual systems.

As stated in the previous paragraph and in section 2.3 of this report, the German labour act will be applicable for Bakker Bart. Regardless which entry strategy is selcted by the company, all aspects of this particular law will be relevant. This means that employees hired by franchisees will be on the payroll of the franchisee (legal construction) and employees hired Bart's Retail B.V. will be on the payroll of Bart's Retail B.V. (direct export). Despite the differences in entry strategies, the store will be located in Germany and therefore, the German labour act will be applicable for employees.

Taking into consideration the complex business culture of Germany, Bakker Bart may experience difficulties when entering the German market as it is currently dealing with consternation among its franchisees and this results in negative publicity in the Netherlands. Moreover, the German market is characterised by complex elements such as insecurity and inflexibility. In addition, as Torben Leif Brodersen states in the interview, ‘it is important to highlight what the estimated economic success is of the prospect franchisee because Germans are very risk averse’ (Brodersen, 2015). Since Bakker Bart is dealing with negative publicity combined with the complex character of the German market, it might be difficult to attract prospect German franchisees.

However, fair franchising is representated by the German association ‘*Deutscher Franchise Verband E.V.*’. As stated in 2.9.3 and confirmed by Torben Leif Brodersen during the interview, the Code of Ethics is a guiding principle for franchisors and franchisees in Germany. Moreover, the German Court of Justice has influence on franchising because similar cases are consulted which are brought to Court in the past years (see section 9.1.3). In conclusion, the absence of a German franchise law combined with the flexibility of previous cases consulted by the German Court of Justice may be disadvantageous for Bakker Bart as it might increase confusion and misunderstandings between parties.

Analysis of the target group of Bakker Bart and the respondent consumer profile shows that Bakker Bart should focus on the consumer group with an age of 60 and older as 31.5% of this consumer group visit bakeries daily. Bakker Bart currently focusses on teenagers, adolescents, families, and adults.

It is also stated that the market segment for bread and rolls in Germany is characterised by the high level of competition. Therefore, each new entrant should have or create a unique selling proposition in terms of concepts and/or products (see section 7.2.3). This helps a company differentiate itself from its competitors. Moreover, 60.3% of the respondents consider the product ranges as sufficient which shows the importance of a unique selling proposition. Export expert Johanna Maukner recommends that ‘maybe Bakker Bart could change the concept for Germany… they could for example create a bar or lunchroom so people can have lunch. Many German bakeries have this as well. More important, perhaps they could introduce Dutch products on the German market. I know many Germans like Dutch products…’ (Maukner, 2015). Moreover, German bakeries offer their consumers a wide variety of sourdough bread. The sourdough adds a special flavour to the bread. This type of yeast is added in only one type of bread at Bakker Bart: *Oberländer*. In conclusion, Bakker Bart could consider a conceptual change since many German competitors have lunchrooms. In addition, Bakker Bart should create a distinct position on the German market by carefully introducing new products relating to the wants and needs of German inhabitants.

By combining the competitor analysis and the most popular channels of the respondents, it is clear that the only competitors are Backwerk, in-store bakeries, and local bakeries. In most cases, the prices offered by these competitors are lower than those of Bakker Bart.

Analysis of consumer buying behaviour at German bakeries and their pricing strategies shows that many respondents purchase products in the price range between €0.00 and €2.50. The amount of money spent on snacks and fresh juices falls primarily in the first category (€0.00 - €2.50) whereas sums spent on sandwiches and bread fall primarily in the second category (€2.50 - €5.00). As stated in section 7.4.1 of this report, this is not remarkable as the German market is discount-driven which results in lower priced goods.

10.1 Conclusion analysis

Overall, Bakker Bart should establish a distinct position in the highly competitive German market for bread and rolls. Since competition is classified as high, unique selling propositions should be created to offer consumers added value. This can be created by, for example, a conceptual change and by regular updating of the product range. The OLI framework highlights that Bakker Bart has a strong motive for entering the German market: the company offers consumers a wide and deep product assortment and regularly introduces new products that refer to the organisation's ownership advantage. Moreover, the products should be made in the store in Germany as it guarantees the freshness of the products. However, the dispute between franchisees and Bart's Retail B.V. should be resolved as soon as possible since most German inhabitants are risk averse, inflexible, and insecure which could have negative effect when trying to attract prospective franchisees. German legislation will affect Bart's Retail B.V. or its consumers in terms of added costs, as the packaging regulation is compulsory for Bakker Bart. Moreover, the differences in labour contracts should also be carefully examined. A comparison between the pricing strategies of Bakker Bart and its competitors shows that most competitors on the German market continually offer their consumers low prices. This could be a threat to Bakker Bart since the German market is discount-driven.

11 Conclusion and Recommendation

11.1 Conclusion

The aim of this research is to provide a detailed and coherent recommendation to the franchise company Bakker Bart, and to provide information on whether it is feasible for them to expand activities into the German market. In order to formulate an answer, a central research question was designed:

'How can Bakker Bart enter the German market successfully?'

By drafting several questions and integrating the marketing mix, the central research question can be answered and a detailed recommendation can be made. Answers to the questions are given in the following subsections.

11.2 How has Bakker Bart evolved over the past years?

Bakker Bart was founded in 1977 by Bart van Elsland and has a leading position in the Netherlands. In the years following its founding, Bakker Bart was able to maintain growth in terms of the number of shops. The company has 180 shops in the Netherlands and one in Belgium. However, considering the annual profitability of Bakker Bart, one could conclude that Bakker Bart is in a problematic situation as it has made losses since 2010. On the one hand, the organisational structure shows that Bart's Retail B.V. is saving money on human resources by eliminating positions. On the other hand, Bakker Bart continues to invest in the innovation of new products and marketing related activities. In short, Bakker Bart has been able to maintain growth in terms of the number of shops. However, the annual profitability of Bart's Retail B.V. shows that they are in a problematic situation.

11.3 How does Bakker Bart position itself on the current market?

The product range offered by Bakker Bart can be considered as wide and deep and is aimed at a healthy lifestyle, convenience and high quality. Moreover, products are sold in stores located in the Netherlands in cities with more than 15,000 inhabitants. The product positioning map shows that Bakker Bart positions itself at the high end of the market with regard to the pricing strategy. Although the prices are relatively high, Bakker Bart is keen on presenting itself as an accessible brand for each social class; by presenting weekly new offers, all social classes are able to purchase fresh products at Bakker Bart. The target market of Bakker Bart consists mainly of teenagers, adolescents, families, and adults who visit the shops in the Netherlands. To sum up, Bakker Bart is an accessible brand for each social class because of the special offers, and it focusses primarily on four target groups.

11.4 What external factors of the German market should Bakker Bart take into consideration?

Entering the German market involves risks for Bakker Bart due to the high level of competition in the market segment for bread and rolls. Specifically, competition is most visible in the federal state *Nordrhein-Westfalen.* Prospective competitors of Bakker Bart include in-store bakeries, local bakeries, and companies offering products at low prices, such as Backwerk. Due to the high level of competition, the buying power is classified as strong. Other aspects of the five forces of Porter do not form a significant threat for Bakker Bart. The demographic and economic aspects of the German market can be classified as attractive aspects. The most important external aspect to be taken into consideration by Bakker Bart is the environmental aspect, which includes renewable energy (Energiewende) and the packaging regulation (‘*VerpackV’*). In conclusion, the German market can be classified as innovative, environmentally friendly in terms of renewable energy, with a highly competitive market for bread and rolls.

11.5 Which entry strategy would be most appropriate for Bakker Bart?

Considering direct export and the legal construction franchising, direct export would be most appropriate for Bart’s Retail B.V. during the first years of operating in the German market as it gives the headquarter more control. Moreover, since the media tend to overreport ethical breaches, Bart’s Retail B.V. should carefully decide what is appropriate and what is not. Once consumer and market knowledge is gained, the company could opt for franchising. In addition, the revenue model for Bart’s Retail B.V. will be similar to the revenue model for Bart’s Retail B.V. in the Netherlands. So, Bart’s Retail B.V. should enter the German market with direct export and change this into franchising once knowledge of the complexity of the German market is gained.

11.6 Legal aspects: which German/European laws should be considered?

Bakker Bart should consider primarily German laws as these differ from Dutch laws. A relevant German law is the packaging regulation. All packaging materials brought onto the German consumer market must be registered at a dual system and be paid by the entrepreneur. As a result, extra costs will be involved. Concerning franchising in Germany, no actual franchising law in Germany results in a flexible environment for both parties, franchisor and franchisee. However, the Code of Ethics drafted by the EFF acts as a guiding principle for all involved parties. Furthermore, previous cases brought to the German Court of Justice and the pre-contractual law that forms part of German Civil Law influence franchisors and franchisees on how to behave in a legally responsible manner. Overall, Bakker Bart must consider German legal aspects such as the packaging regulation, the European Code of Ethics and the Civil Law, in particular pre-contractual law.

11.7 What are German consumers looking for?

A total of 388 German inhabitants mainly residing in the federal state *Nordrhein-Westfalen* participated in the research concerning the wants and needs of German consumers at bakeries. Although the number of respondents indicates a reliability percentage of 95%, another quantitive study conducted by Bart’s Retail B.V. is recommended as broader generalisations are drafted in this research report. Analysis of the profile of the respondents indicates that the consumer group with an age of 60 and older forms a large part of the consumers at bakeries in Germany. Many respondents consider the product ranges as sufficient. However, prices are in many cases classified as expensive. The amount of money spent on bread and sandwiches falls in the second category which indicates that respondents are spending more money on bread and sandwiches than on snacks and fresh juices. In addition, snacks and fresh juices are more popular in the first category. Eighty-one per cent of the respondents stated that they are willing to pay more money for fresh products which indirectly indicates that people prefer fresh products above wrapped/prepared products. To sum up, German consumers primarily residing in *Nordrhein-Westfalen*, prefer sandwiches and bread above snacks and fresh juices.

11.8 Recommendation: How can Bakker Bart enter the German market successfully?

Considering all the information processed in the previous subsections, a recommendation is written. Based on all the information in this report, entering the German market is possible for Bakker Bart when carefully integrating the marketing mix which is explained below.

11.8.1 Product

Products sold by Bakker Bart should be aimed at a healthy lifestyle and convenience. Moreover, characteristics of the products should include quality and freshness as this is in line with the brand image of Bakker Bart. The same semi-finished products should be distributed among stores located in Germany. Since many respondents consider the product ranges as sufficient in Germany, it is important that Bakker Bart enters the German market with a wide and deep product range. In addition, sourdough yeast is used in many German bread and bread rolls, and Bakker Bart should therefore consider more sourdough products in its German product range. Moreover, according to Johanna Maukner, Bakker Bart could create a distinct position in the German market by introducing several Dutch products. However, the choice of products to be integrated into the German product range, should be carefully researched by Bart’s Retail B.V. by conducting a second quantitive research.

11.8.2 Price

Although the German market is extremely discount-driven, many respondents consider the prices at German bakeries as expensive. Therefore, it is advised that Bart’s Retail B.V. starts with a price-setting; it can offer its German consumers low prices during the first months of operating in the German market as this gives new consumers the opportunity to get to know the quality of the products. In addition, once brand recognition is gained, Bakker Bart could raise its prices to the current price level since the questionnaire reveals that the majority of the respondents are willing to pay more for fresh products. However, it is important that Bakker Bart maintains its most important vanguard; presenting itself as an accessible brand for each social class. Therefore, Bart’s Retail B.V. should continue with the weekly new offers to boost short-term sales. However, since the packaging regulation is applicable to Bart’s Retail B.V., extra costs will be inevitable. This might result in higher prices for the customers or in extra costs for Bart’s Retail B.V. Furthermore, since the profile of the respondents shows that the consumer group with an age of 60 and older regularly visit bakeries, Bakker Bart should start focussing on their wants and needs. Knowledge concerning the wants and needs of this consumer group is limited since the current target group of Bakker Bart consists of teenagers, adolescents, families, and adults.

11.8.3 Place

Semi-finished products will be produced in Beuningen, which is closely located to the German border. Subsequently, these products will be distributed by road to the relevant store. In addition, the products will be prepared into fresh products locally/in the store and sold directly to the consumer by opening a store owed by Bart's Retail B.V.

The questionnaires were distributed in the federal state of *Nordrhein-Westfalen* and, according to the respondents, the likelihood that they will visit a Bakker Bart store in the future is high. Moreover, Oberhausen has 221,700 inhabitants which indicates a high level of traffic (City mayor statistics, 2015). Furthermore, the number of residents complies with the requirements set by Bart's Retail B.V.: opening stores in cities with more than 15,000 inhabitants. Products should be made available for the consumers via a physical store in the first months. Later on, Bart's Retail B.V. could opt for a second channel offering products via the webshop. However, it is important to note that Germany is larger than the Netherlands. Therefore, Bart's Retail B.V. should carefully decide whether this is feasibl for a relatively new entrant.

11.8.4 Promotion

Since Bakker Bart is keen on presenting its brand as accessible to all social classes, Bakker Bart should continue the weekly offers, especially in the discount-driven market for bread and rolls in Germany. In addition, since many respondents spend more money on bread and sandwiches, sweet and savoury snacks, and fresh juices should be promoted to optimise sales. An ideal situation would be if Bart's Retail B.V. decreased its prices while making profit. Possible promotions could include a German Facebook page which gives both parties the opportunity to interact. As a result, the likelihood for customer retention increases. Moreover, merchandising is extremely important in the first months of operating abroad, and, it is advisable to hand out samples of products. Due to the high level of competition, it is not advisable for Bakker Bart to start cooperating with other local companies.

11.8.5 People

Since it is recommended that Bart's Retail B.V. starts with direct export, an extra department at the headquarter representing German professionals in terms of business is also recommended. Knowledge of the complex German market and ethical behaviour is expected of these experts. Moreover, German language skills and a committed attitude toward Bart's Retail B.V. is required. Furthermore, employees of the German store will be hired according to the German labour act.

11.8.6 Physical evidence

It is recommended that employees in the German store offer customers a high level of customer service in terms of advice and courtesy. The character of the German store should be similar to that of the stores in the Netherlands: neat, professional, unique and friendly. Ultimately, Bakker Bart should use other forms of marketing tools for customer retention, such as Social Media and by offering consumers a German newsletter.

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12 APPENDICES

12.1 Transcript interview DNHK

Date	02-04-2015
Location	Nassauplein 30, 2585 EC The Hague
Person involved	Johanna Maukner

The interview

NIET OPGENOMEN

Mylène van Schaik: Goedemiddag mevrouw Maukner, allereerst wil ik u hartelijk bedanken voor uw tijd en de mogelijkheid die u mij geeft om mijn scriptie verder te verdiepen. Voordat ik het interview kan starten, zou ik eerst graag een paar zaken met u doornemen. Voor mijn scriptie is het van belang dat ik het interview uitschrijf, heeft u er bezwaar tegen als ik het interview opneem? Uiteraard kan de opname onderbroken worden op ieder gewenst moment. Daarnaast heb ik een formulier bij me die de vertrouwelijkheid van het interview garandeerd. Daarnaast zijn er nog enkele voorwaarden waaraan u moet voldoen, welke beschreven staan in het consent form, u dient dit formulier te ondertekenen.

GEEF FORMULIER

Mylène van Schaik: Hartelijk dank voor het ondertekenen van het formulier. Ik zal nu het interview starten.

START OPNAME

Mylène van Schaik: "Ik werk nu zelf vijf jaar bij de Bakker Bart en het concept Bakker Bart is een concept dat bestaat sinds 1977 en het bestaat uit heel veel verschillende producten, dus niet zo zeer alleen brood, maar ook kleine broodjes, zoete snacks, hartige snacks, drinken en natuurlijk de lunches, deze kunnen klanten zelf samen stellen. Bakker Bart legt hierbij vooral de nadruk op een goede prijs-kwaliteit verhouding. Het bedrijf plaatst zich niet zozeer heel hoog in de markt, maar wil juist graag toegankelijk blijven voor iedere consument door midddel van wekelijkse aanbiedingen."

Johanna Mauker: "Oké, ja."

Mylène van Schaik: "Maar de nadruk ligt vooral op de belegde broodjes."

Johanna Maukner: "Hoe duur is een belegd broodje gemiddeld?"

Mylène van Schaik: "Dat varieert per broodje en per beleg, maar gemiddeld moet je wel denken aan €3 tot €4 euro per broodje."

Johanna Maukner: "Ja, ja, dat betaal je ook ongeveer wel in Duitsland."

Mylène van Schaik: "Oké, ja."

Johanna Maukner: "Maar ik denk wel dat de startprijs in Duitsland wat lager ligt, gemiddeld €2,50, afhankelijk van het beleg natuurlijk. Verkoopt Bakker Bart ook verschillende vormen van brood, dus niet alleen een wit bolletje maar bijvoorbeeld ook meergranen?"

Mylène van Schaik: “Klopt ja, Bakker Bart heeft tegenwoordig ook Speltbrood, wat natuurlijk een trend is op de Nederlandse market momenteel, maar daarnaast verkoopt Bakker Bart ook wit brood, volkoren, tarwe, in verschillende maten en vormen en ook met of zonder zaden. Dit varieert enorm.

Johanna Maukner: Oké, heel goed, en wat ben je nu van plan om met je onderzoek te gaan doen, alleen desk research of ook field research?

Mylène van Schaik: Ook field research, dit onderdeel is een onderdeel van mijn field research, en daarnaast heb ik nog een interview op de planning staan met de Deutscher Franchise Verband wat via de e-mail zal plaatsvinden. Op deze manier wil ik meer informatie inwinnen over franchisen in Duitsland en daarnaast wil ik nog een enquete onder de Duitse bevolking houden. Maar nu is de Duitse bevolking natuurlijk enorm groot…”

Johanna Maukner: “Ja, haha…”

Mylène van Schaik: “… dus ik denk dat mijn onderzoek niet heel represenatief zal maar ik wil alsnog proberen een gevarieerd publiek aan te spreken omdat ik onder andere had gelezen dat 50-plussers veel invloed hebben binnen de Duitse bevolking aangezien ze een hele grote groep zijn.”

Johanna Maukner: “Oké, ja.”

Mylène van Schaik: “Ja, ik ben heel benieuwd of me dat gaat lukken!”

Johanna Maukner: “En hoe wil je dat gaan doen, met een online enquete?”

Mylène van Schaik: “Ook, ja! Maar ik wil ook twee of drie dagen naar Oberhausen en daar mensen benaderen…”

Johanna Maukner: “Oké, gewoon mensen op de straat benaderen en vragen stellen?”

Mylène van Schaik: “Ja, klopt, mits zij participeren in mijn onderzoek natuurlijk.”

Johanna Maukner: “Oké, klinkt als een goed doordacht plan! Zeker dat interview met de franchise organisatie omdat het natuurlijk een franchise formule is, zodat je kan navragen wat de mogelijkheden zijn.”

Mylène van Schaik: “Ja, precies. Dank u wel.”

Johanna Maukner: “Zij kijken natuurlijk anders, wellicht kunnen zij ook beoordelen of het succesvol kan zijn in Duitsland. Wat verder natuurlijk belangrijk is, is om met de consumenten te spreken, want er zijn heel veel bakkerijen in Duitsland, dus wellicht kan je in Oberhausen ook nog even wat field research verrichten om te bekijken wat zij aanbieden aan de consument, maar ook tegen welke prijs. Meestal heb je een Bakkerij, maar je hebt ook van die grote ketens, bijvoorbeeld Kamps. Ik kom zelf uit Zuid-Duitsland, dus daar heb je Kiliansbäck, zij zijn alleen in de region Bayern actief…”

Mylène van Schaik: “Ohja, ja…”

Johanna Maukner: “…dus er zijn niet alleen regionale ketens maar er zijn ook echt familieketens of eenmanszaken…”

Mylène van Schaik: “Ja, locale Bedrijven…”

Johanna Maukner: "…ja precies. Er zijn voornamelijk familiebedrijven waarbij de man en de vrouw samenwerken. De man bakt dan de producten en de vrouw verkoopt deze in de winkel."

Mylène van Schaik: "Oké."

Johanna Maukner: "Daar moet je denk ik wel echt goed onderzoek naar doen, en wellicht is er een brancheorganisatie die je daar verder mee kan helpen."

Mylène van Schaik: "Ohja precies, ja ik weet dat er een brancheorganisatie bestaat, ik zal het onthouden."

Johanna Maukner: "Oh perfect, wellicht kan je daar informatie opvragen over het aantal bakkerijen in Duitsland. Maar je had het interview voornamelijk aangevraagd met betrekking op de verpakking, nietwaar?"

Mylène van Schaik: "Klopt. Ik had namelijk aan de hand van wat onderzoek vernomen dat Duitsland sinds 1991 een verpakkingsregeling heeft…"

Johanna Maukner: "Klopt…"

Mylène van Schaik: "Oké, en deze heeft betrekking op het milieu, klopt dat?"

Johanna Maukner: "Dat is correct."

Mylène van Schaik: "Kunt u mij vertellen waar de verpakkingsverordening precies over gaat?"

Johanna Maukner: "Ja. Sinds 1991 bestaat DSD, dat is Duales Sysyem Deutschland, Der Grüne Punkt. En het logo van Grüne Punkt zie je nog steeds op heel veel verpakkingen, bijvoorbeeld op dit flesje…"

Wijst naar logo op flesje

Mylène van Schaik: "Ohja, ik zie het".

Johanna Maukner: "Het was vroeger verplicht om dit logo weer te geven op verpakkingen, want aan de hand van der Grüne Punkt wordt je ook als klein kind opgevoed in bijvoorbeeld de Kindergarten in Duitsland. Alle verpakkingen met het logo van der Grüne Punkt horen in de gele zak, de gele ton."

Mylène van Schaik: "Oh oké."

Johanna Maukner: "Zo is het recylcen in Duitsland begonnen. In het begin was er dus één bedrijf verantwoordelijk voor het recyclen, de DSD, maar dat is veranderd in 2001 waardoor ze geen ultieme handelspositie meer hebben. "

Mylène van Schaik: "Oké."

Johanna Maukner: "Dus er zijn nu negen duaal systemen op de Duitse markt actief die eigenlijk allemaal hetzelfde doen, namelijk recycling regelen voor de productverpakkingen die voornamelijk bij de Duitse eindconsumenten terecht komen. Deze duale systemen nemen de verpakking in, recyclen deze en veranderen deze oude verpakkingen weer tot nieuwe verpakkingen. Bedrijven die dus verpakkingen verspreiden onder de Duitse consumenten dienen zich dus aan te melden bij één van deze systemen. Bedrijven betalen dan weer op hun beurt licentiegelden."

Mylène van Schaik: “Oké, duidelijk. Het doel van deze milieuwetgeving is dus het recylen van afval?”

Johanna Maukner: “Precies, ja. In Nederland is het anders geregeld, want hier heb je namelijk een afvalfonds en daar ligt de grens bij vijftigduizend kilo afval van verpakkingen. Dus als je nu een eigen bedrijf zou hebben, mag je tot vijftigduizend kilo aan verpakkingsmaterialen op de markt brengen zonder dat je daar iets voor hoeft te betalen aan belasting…”

Mylène van Schaik: “Oké, dat wist ik niet.”

Johanna Maukner: “En als je boven die vijftigduizend kilo afval van verpakkingen komt, moet je als bedrijf op de Nederlandse markt wel licentiegeld betalen, ook per materiaal dus je hebt kunststof een ander tarief dan voor papier. In Nederland is dat dus eigenlijk makkelijker geregeld, want als je in Duitsland een kleine webshop hebt die zelfgemaakte sieraden verkoopt, dan moet je verpakkingen waarin je je sieraden verkoopt en opstuurt óók aanmelden bij een duaal systeem want je verstuurt producten naar een Duitse consument ”

Mylène van Schaik: “Oké, duidelijk, maar wel inderdaad een heel verschil met Nederland.”

Johanna Maukner: “Bij Bakker Bart zou dit dus ook van toepassing zijn, zoals bijvoorbeeld de zakjes waarin broodjes worden verpakt, de tasjes die de klanten meekrijgen, al deze producten dienen aangemeld te worden bij een duaal systeem.”

Mylène van Schaik: “Oké, ja. Dus de regeling heeft niet zozeer alleen betrekking op plastic afval maar ook op papier?”

Johanna Maukner: “Nee, precies. Alle verpakkingsmaterialen vallen binnen deze regeling, natuurmaterialen, hout, et cetera. Hout is bijvoorbeeld ook een verpakkingsmateriaal bij wijn, aangezien de kurken bij wijnflessen gemaakt worden van hout…”

Mylène van Schaik: “Oké, jeetje…”

Johanna Maukner: “Ja, ik heb ook nog wat informatiemateriaal voor je mee genomen en dan zie je bijvoorbeeld dat glas €0,07 cent per kilo kost en dat kunststof vrijwel het duurste is om te recyclen, want dat is natuurlijk een materiaalsoort dat het moeilijkste is om te recyclen…”

Mylène van Schaik: “Ja, klopt. En dat is waarschijnlijk ook de grootste categorie waarin producten vallen, of niet?”

Johanna Maukner: “Daar durf ik geen antwoord op te geven, want dit is echt afhankelijk van de producten die een bedrijf produceert. In totaal zijn er dus 9 duaal systemen in Duitsland en wij vertegenwoordigen twee duale systemen, namelijk Landbell AG en Duales System Deutschland, Der Grüne Punkt en dan kan je dus op de informatie die ik je heb gegeven ook de verschillende tarieven zien. Kunststof is bijvoorbeeld goedkoper bij Landbell dan bij DSD.”

Mylène van Schaik: “Oké, maar waarom heeft de DSD dan tegenwoordig geen ultieme marktpositie meer?”

Johanna Maukner: “Omdat de duitse regering vroeger besloten heeft om monopolie bedrijven te verbieden omdat andere bedrijven ook de kans moeten krijgen op de Duitse markt. Sinds 2001 zijn er daardoor ook andere Bedrijven actief en dit jaar is er weer een ander nieuw bedrijf van start gegaan waardoor we nu uitkomen op negen duale systemen in Duitsland en omdat er dus zo veel keuze is op de Duitse markt raden wij ook altijd beginnende Bedrijven aan om vrijblijvende offertes aan te vragen bij ons om te kunnen vergelijken tussen de verschillende systemen. "

Mylène van Schaik: "Ja."

Johanna Maukner: "En wat ik dus net zei over der Grüne Punkt, dat het verplicht was om dat logo te plaatsen op alle producten, is sinds 2001 ook niet meer verplicht. Dus in Duitsland hoef je dan niet meer verplicht het logo van der Grüne Punkt op de verpakking te plaatsen. Maar is het alleen wel belangrijk dat als je bijvoorbeeld datzelfde flesje naar Frankrijk of Spanje wil exporteren, dan is het wel verplicht om der Grüne Punkt te vermelden. Maar als een bedrijf dat product niet wil aanpassen, dan dien je wel nog een contract te tekenen bij ons zodat je licentiegelden kan betalen."

Mylène van Schaik: "Oké, ja."

Johanna Maukner: "Maar dat zal nog wel niet van toepassing zijn, want je wil voornamelijk de focus leggen op Duitsland en is het dus niet meer verplicht om der Grüne Punkt te dragen. Het is ook niet aan te raden want het dragen van het merkteken van der Grüne Punkt op verpakkingen kost ook geld en die zijn ook terug te vinden op de informatie die je van mij gekregen hebt, de prijs wordt hier ook weer gegeven per kilo. De kosten zijn weliswaar laag, maar dit zijn toch additionele kosten."

Mylène van Schaik: "Oké, duidelijk. En zoals u dus al aangeeft zijn er negen verschillende systemen, zijn er naast de verschillen in prijzen ook nog andere verschillen tussen de duale systemen?"

Johanna Maukner: "Nee het gaat voornamelijk om te prijs. Maar er zijn wel Bedrijven die ook denken aan hun reputie en marktaandeel en dan staat de DSD toch wel voorop. Maar ook dat is weer afhankelijk van het bedrijf, want uiteindelijk gaat het bedrijf samenwerken met één van deze systemen. Maar uit eigen ervaring weet ik ook dat Nederlanders vooral naar de prijzen kijken en dat er niet echt gekeken wordt naar de kwaliteit van de klantenservice bijvoorbeeld."

Mylène van Schaik: "Oké, ja. En hoe moet ik het dan voor me zien? Een bedrijf sluit zich aan bij een duaal systeem, maar begeleidt dat duale systeem dan ook dat bedrijf?

Johanna Maukner: "Nee, als een bedrijf zich wil aansluiten bij één van de duale systemen waar wij mee samenwerken regelen wij dat voor het desbetreffende bedrijf. Wij vragen het bedrijf dan wel om even een formulier in te vullen met de prognose voor dat jaar. Dus het bedrijf geeft eigenlijk een ruwe schatting van het verwachte aantal kilo's aan verpakkingsmateriaal. Aan de hand van deze prognose wordt er een offerte opgesteld, maar deze prijzen zijn vaak erg flexibel want een duaal systeem kijkt altijd nog of ze een bedrijf tegemoet kunnen komen. Zodra een bedrijf akkoord gaat met de prijs, stelt het systeem een contract op en dan dient het bedrijf eigenlijk 50% van de prognose vooraf te betalen. Het jaar daarop dient het bedrijf een jaarmelding te maken. Aan de hand van die jaarmelding kan het duaal systeem het precieze aantal kilo's berekenen. Het aantal kilo's kan dan lager of hoger uitvallen dan de prognose. Mocht het aantal kilo's hoger zijn volgt er een extra factuur en mocht het aantal kilo's lager uitvallen, volgt er een creditnota. Doorgaans wordt er voor twee jaar een contract getekend.

Mylène van Schaik: "Oke, dat is allemaal duidelijk. Dus als ik het goed begrijp begrijp wordt er geen onderscheid gemaakt tussen Duitse bedrijven en internationale Bedrijven, ook niet per sector?"

Johanna Maukner: "Nee klopt, maar wat belangrijk is, is dat er tijdens de grensovergang gekeken wordt wie er juridisch aansprakelijk is voor de producten. Dus dan gaat het voornamelijk om de incoterms, dus als jij exworks levert in Nederland en het Duitse bedrijf haalt de producten op in Nederland, is het Duitse bedrijf tijdens de grensovergang aansprakelijk voor de producten en regelen zij de verpakkingen. Maar dit is in de meeste gevallen niet geval want er wordt vaak vrij geleverd waardoor het Nederlandse bedrijf aansprakelijk is voor de producten tijdens het vervoer.”

Mylène van Schaik: “Oke, ja, want zijn er verder dan nog specifieke wetten waar een verpakking aan moet voldoen qua materialen zoals karton of papier?”

Johanna Maukner: “Nee dat is niet het geval. Er zijn hier geen specifieke maatregelen door getroffen door de overheid.”

Mylène van Schaik: “Oke, om even terug te komen op de duale systemen, zijn deze systemen ook zelf verantwoordelijk voor het verwerken van het afval?”

Johanna Maukner: “De duale systemen zijn in heel Duitsland actief, maar hebben per regio weer subcontractors. Deze subcontractors halen het afval op en verwerken het. “

Mylène van Schaik: “Oke, los van de prijzen zijn er dus geen verdere verschillen tussen de systemen?”

Johanna Maukner: “Nee dat klopt.”

Mylène van Schaik: “Oke, dan is dat duidelijk. Maar het is dan wel van groot belang dat de Duitse bevolking zelf afval scheidt. In hoeverre wordt er dan in Duitsland afval gescheiden door de Duitse bevolking zelf?”

Johanna Maukner: “Dit is in Duitsland strenger gereguleerd. In Duitsland hebben veel huishoudens dan ook speciale tonnen om hun afval in te scheiden. Dit kan je in geen opzicht met Nederland vergelijken. Ik denk dat er juist door de strenge verpakkingsregeling ook meer mensen hun afval zijn gaan scheiden.”

Mylène van Schaik: “Oke, ja. Dan nog even een andere vraag, ik weet uit eigen ervaring dat er in Duitsland op kleine drinkflesjes statiegeld staat…”

Johanna Maukner: “Klopt, ja…”

Mylène van Schaik: “Is dat dan een gevolg van de verpakkingsregeling of heeft dat er niks mee te maken?”

Johanna Maukner: “Nee dat is inderdaad een onderdeel van de verpakkingsverordening en er wordt over ieder drinkflesje €0,25 cent statiegeld betaald door de eindconsument. Ook dit is weer een verschil in vergelijking met Nederland want hier wordt er pas vanaf één liter statiegeld gezet op flessen. Er wordt in Duitsland alleen geen statiegeld op flesssen gezet waar zuivel in zit of als het een fruitsap is die voor 100% uit fruit bestaat. Maar daar zijn weer andere systemen verantwoordelijk voor.

Mylène van Schaik: “Oke, want Bakker Bart maakt zelf ook sappen en die verpakken ze in plastic bekers. En deze bekers komen uiteindelijk bij de eindconsument terecht. Maar deze sappen bevatten fruit én zuivel. Als ik het dus goed begrijp vallen deze bekers dan niet onder de verpakkingsregeling?”

Johanna Maukner: “Jawel, deze vallen onder de verpakkingsregeling omdat ze niet in de categorie drinkflesjes vallen. Het gaat dus om die plastic beker en dat valt wel onder de verpakkingsregeling. Je zou deze bekers dus aan moeten melden bij een duaal systeem en dan onder de categorie kunststof."

Mylène van Schaik: "Oh oke."

Johanna Maukner: "Ja, ik heb ook een beetje gekeken voor wat van jou van toepassing is, dat zijn bijvoorbeeld die papieren broodzakjes en plastic bekers en op dit informatieschema kan je zien welke verpakkingen aangemeld moeten worden bij een duaal systeem. Alle informatie mag je meenemen."

Mylène van Schaik: "Oh wat fijn, ontzettend bedankt!"

Johanna Maukner: "Ja graag gedaan hoor!"

Mylène van Schaik: "Dus nog even zodat ik het goed begrijp, alle verpakkingen die van Nederland naar Duitsland worden vervoerd moeten worden aangemeld maar ook de verpakkingen die de winkel verlaten dienen aangemeld te worden bij een duaal systeem?"

Johanna Maukner: "Ja die zijn dan al aangemeld eigenlijk. Omdat die worden aangemeld via de prognose aangezien je op de Duitse markt niet zo goed kan bijhouden hoeveel verpakkingen er op een bepaalde plaats geleverd worden. Ik heb ook een klant, een Nederlandse klant, en zij hebben heel veel vestigingen, meer dan acht vestigingen in Duitsland. En alles wordt geleverd vanuit het hoofdkantoor en de contactpersoon van die Duitse klant weet ook niet precies waar die verpakkingen terecht zijn gekomen, hij kan alleen zien hoeveel verpakkingen het Nederlandse magazijn hebben verlaten en aan de hand daarvan stelt hij de prognose op. En aan het einde van het jaar is iedere Duitse vestiging dan verplicht om aan te geven hoeveel verpakkingsmaterialen nog over zijn en dan kan de werkelijke aangifte geregeld worden."

Mylène van Schaik: "Oh oke, ja."

Johanna Maukner: "Dus dan gaat het mij voornamelijk om de hoeveelheid materialen die het magazijn verlaten hebben en hoeveel er van die verpakkingsmaterialen nog over is."

Mylène van Schaik: "Ah oke, ik begrijp het. Want het verschil wordt dan ook weer aan de hand van de prognose verrekend."

Johanna Maukner: "Ja, dat klopt inderdaad."

Mylène van Schaik: "Oké, maar hoe wordt deze hele verpakkingsregeling dan gecontroleerd? Wordt dat door de overheid gedaan?"

Johanna Maukner: "Ja, er zijn van het Duitse Ministerie van Milieu personen actief die doelgericht rondlopen in Duitsland en supermarkten bezoeken en verpakkingen bekijken om te kijken of ze wel zijn aangemeld bij een duaal systeem, de contactgegevens van het duaal systeem staan vaak op de verpakking vermeld. En als een bedrijf de verpakkingen niet heeft aangemeld bij een duaal systeem, dan wordt per artikel een boete gegeven van €50.000."

Mylène van Schaik: "Oke, per fles? Dat is een hoge boete!"

Johanna Maukner: "Nee, sorry niet per fles maar per categorie. Dus als je twee verschillende flesjes hebt, zou de boete €100.000 zijn."

Mylène van Schaik: "Oh oke, maar in dit geval zouden het twee dezelfde flesjes zijn dan zou de boete €50.000 zijn."

Johanna Maukner: "Ja precies."

Mylène van Schaik: "Oke, en dat controleren gebeurd dan aan de hand van steekproeven of…?

Johanna Maukner: "Ja."

Mylène van Schaik: "Oké, er is niet bijvoorbeeld iemand die, want bij de Nederlandse Voedsel en Warenauthoriteit komt er altijd één of meerdere keren per jaar een persoon langs die het allemaal controleert…"

Johanna Maukner: "Ja, maar dat is niet haalbaar denk ik in Duitsland…"

Mylène van Schaik: "Nee…"

Johanna Maukner: "Nee omdat er ook iedere keer zo veel nieuwe producten bij komen in supermarkten doen ze het echt aan de hand van steekproeven om te kijken of Bedrijven zich wel echt aanmelden."

Mylène van Schaik: "Ja, oké."

Johanna Maukner: "Ja, en dat controleren wordt echt heel streng gedaan in Duitsland."

Mylène van Schaik: "Ja, maar dat is denk ik alleen maar goed dan. Wat zouden volgens u, aan de hand van het beeld dat u nu heeft van Bakker Bart, de Voornaamste voordelen en nadelen zijn voor Bakker Bart als ze er voor kiezen om de Duitse markt binnen te treden?"

Johanna Maukner: "Nou, als ik kijk naar het segment waarin Bakker Bart actief is, denk ik dat een nadeel zal zijn de smaak van de Duitsers, want ik denk dat je dat ook wel zal zijn tijdens je onderzoek, dat het aanbod van Bakker Bart enorm verschilt met het aanbod van Duitse bakkers…"

Mylène van Schaik: "Ja…"

Johanna Maukner: "Ja ik denk echt dat dat een grote uitdaging wordt, want er zijn zo veel Duitse Bedrijven op de markt, die eigenlijk soortgelijke producten aanbieden…. Misschien dat Bakker Bart de formule kan aanpassen voor Duitsland… Dat ze er bijvoorbeeld een café van maken in plaats van een plek waar het eigenlijk meer draait om food to go ofzo… Dan kunnen ze dat wellicht zelfs doen met Nederlandse producten. Veel Duitse deelstaten zijn namelijk gek op Nederlandse producten, dus als ze het als een Nederlands bedrijf op de Duitse markt bekend maken, kan dat wellicht helpen. Dat het anders is als een gewone Bakkerij…"

Mylène van Schaik: "Ja, inderdaad…"

Johanna Maukner: "Ik denk dat dat belangrijk is voor Bakker Bart om zich te onderscheiden van de gewone bakkerijen maar om tegelijkertijd rekening te houden met de smaak van de Duitsers. Of de producten aan slaan, want ik weet niet of jullie ook filet American als beleg verkopen bij de Bakker Bart?"

Mylène van Schaik: "Ja dat wordt veel verkocht ja…"

Johanna Maukner: "Oke, want dat is namelijk helemaal niet bekend in Duitsland. Slechts enkele dingen die in Nederland worden gegeten, worden ook door Duitsers gegeten. En andersom is dat denk ik ook zo…"

Mylène van Schaik: "Ja dat denk ik ook inderdaad."

Johanna Maukner: "Maar dat kan je denk ik allemaal concluderen uit het onderzoek"

Mylène van Schaik: "Ja dat denk ik ook. En als je specifiek kijkt naar de verpakkingsregeling, wat zijn dan de voornaamste nadelen? Ik neem aan de extra kosten…"

Johanna Maukner: "Ja."

Mylène van Schaik: "… want voor de rest zijn er geen speciale eisen voor verpakkingen."

Johanna Maukner: "Nee, dat klopt."

Mylène van Schaik: "Behalve de flesjes drinken…"

Johanna Maukner: "Nee maar die kopen ze in en dan zorgt bijvoorbeeld Coca-Cola dat ze worden aangemeld bij een duaal systeem. Daar zou Bakker Bart in dit geval dus niet verantwoordelijk voor zijn, dat is echt Coca-Cola…"

Mylène van Schaik: "Oke, want daar moet natuurlijk wel statiegeld op gezet worden…"

Johanna Maukner: "Precies, maar dat regelt de producent allemaal."

Mylène van Schaik: "Oke, ja, maar in Nederland is het zo dat de franchisees via het hoofdkantoor spullen zoals frisdranken opkopen, maar in dit geval zou het dan verstandiger zijn om de locale Duitse franchisee dus zelf frisdranken in te laten kopen aangezien er dan al direct statiegeld op de flesjes zit…"

Johanna Maukner: "Ja, absoluut, ook natuurlijk vanwege het statiegeld, want in Duitsland dient er ook een bepaald logo op de flessen te staan. Ik denk niet dat dat logo in Nederland op de frisdranken wordt gezet, dus het is inderdaad verstandiger om dat dan de locale franchisee te laten bestellen bij een Duitse groothandel."

Mylène van Schaik: "Oke, ja duidelijk. Nu heeft u waarschijnlijk ervaring met Bedrijven die geexporteerd hebben naar Duitsland, ik hoef daar de identiteit niet van te weten, maar wat zijn hun ervaringen met de verpakkingswetgeving?"

Johanna Maukner: "Nou ik sta sinds de laatste tijd enorm veel in contact met Bedrijven die voor het eerst worden aangesproken door het Duitse Ministerie van Milieu omdat ze dus niet voldoen aan de eisen van de verpakkingsregeling. Heel veel Bedrijven weten niet dat deze verpakkingsverordening bestaat in Duitsland."

Mylène van Schaik: "Oke.."

Johanna Maukner: "Heel veel Bedrijven exporteren zonder daar echt goed onderzoek naar te doen. En wij werken nu ook veel samen met brancheorganisaties om leden daarover te informeren en dat ze hier rekening mee moeten houden."

Mylène van Schaik: "Oke, maar wat gebeurd er dan met die Bedrijven die zich niet hebben aangemeld bij een duaal systeem? Kunnen zij zich dan alsnog aanmelden bij een duaal systeem?”

Johanna Maukner: “Ja, dat kan zeker, alleen moeten ze natuurlijk wel de boete betalen. Uiteindelijk kunnen ze wel een contract met terugwerkende kracht bij ons afsluiten.”

Mylène van Schaik: “Oke, maar eigelijk kunnen we dus concluderen dat er heel veel onwetendheid is onder de Nederlandse Bedrijven die ervoor kiezen om te gaan exporteren naar Duitsland?”

Johanna Maukner: “Ja, absoluut. En wij proberen meer *awareness* te creeren bij deze Bedrijven door samen te werken met branches. Zo werk ik momenteel samen een brancheorganisatie voor fruit en willen we ook een Samenwerking starten met de brancheorganisatie voor webwinkels omdat zij ook veel verpakkingen produceren en leveren aan eindconsumenten. Daarnaast bezoek ik ook nog heel veel levensmiddelenbeurzen waar ik heel veel Nederlandse Bedrijven informeer over de verordening”

Mylène van Schaik: “Oke, maar ik neem aan dat er ook Bedrijven zijn die op voorhand onderzoek doen en door middel van de informatie die jullie ze geven voldoen aan alle eisen voor het juist exporteren naar Duitsland, wat zijn hun bevindingen?”

Johanna Maukner: “Nouja, zij vinden het natuurlijk niet zo fijn dat geen algemene richtlijn is binnen Europa, want in Nederland mag je 50.000 kilo aan verpakkingen kosteloos op de markt brengen terwijl je in Duitland voor iedere verpakking moet betalen. Dus dat is vrij streng. Veel Bedrijven vinden het niet eerlijk en verwachten en hopen eigenlijk dat er een keer een Europese regeling komt.

Mylène van Schaik: “Ja, logisch…”

Johanna Maukner: “Maar het onderwerp milieu wordt in ieder land weer anders behandeld. Zo is het Grüne Punkt in Duitsland niet meer verplicht, maar in Spanje, Frankrijk en Portugal bijvoorbeeld nog wel. Er zijn dus verschillende meningen maar *overall* is het toch wel het gebrek aan één algemene Europese richtlijn…”

Mylène van Schaik: “Oke…”

Johanna Maukner: “Dan zou het natuurlijk veel makkelijker zijn voor alle exporteerders. Het is voor Bedrijven voornamelijk van belang dat ze goed onderzoek doen. Ik heb bijvoorbeeld ook geen kennis over de verpakkingsverordeningen in Luxemburg of België. Wij zijn een Duitse organisatie maar wel een Nederlandse vereniging en onze zusterorganisatie is de Duitse Kamer van Koophandel en wij zijn een AHK, een Auslands Handelskammer, en er bestaan nu momenteel 130 AHKs in 90 landen, bijvoorbeeld een Duits-Franse en een Duits-Spaanse Handelskammer. Als wij benaderd worden door een Nederlandse bedrijf die wil exporteren naar Spanje en wil weten hoe het zit met de verpakkingsverordening daar, sturen wij hun contactgegevens door naar de Duits-Spaanse Handelskammer. ”

Mylène van Schaik: “Oke, dus eigenlijk opereren jullie als één groot netwerk voor Bedrijven binnen Europa…”

Johanna Maukner: “Nou eigenlijk over de hele wereld...”

Mylène van Schaik: “Oke, ja.”

Johanna Maukner: “…maar voor zover ik weet bestaat er alleen een verpakkingsverordening in Europa.”

Mylène van Schaik: "Oke, dus eigenlijk is het grootste nadeel de kosten…"

Johanna Maukner: "… Ja plus, het is een wetgeving dus is het verplicht voor Bedrijven om zich hieraan aan te passen. Als ze willen exporteren naar Duitsland moeten ze hier rekening mee houden. Maar aan de andere kant is Duitsland wel een heel interessante markt voor Nederlandse Bedrijven. De deelstaat *Nordrhein-Westfalen* is alleen al even groot als Nederland. En omdat het een grote markt is, accepteren veel Bedrijven dan ook die verpakkingsverordening."

Mylène van Schaik: "Ja, klopt, ik denk dat dat wel de reden is inderdaad. Zijn er verder nog wetten, naast de milieuwetgeving in Duitsland, waar Nederlandse Bedrijven rekening mee moeten houden als ze de Duitse markt willen binnen treden?"

Johanna Maukner: "Uh.. nou ik weet natuurlijk niet hoe het zit met de franchising structuur in Duitsland… Maar zou het personeel voor de duitse vestiging van Bakker Bart ook aangenomen worden via het hoofdkantoor of regelt de franchisee dat zelf?"

Mylène van Schaik: "Nee, dat regelt de franchisee zelf."

Johanna Maukner: "Oke, want ik dacht dat dat anders een problem zou opleveren, maar dat is dus niet het geval. Nee ik denk dan dat de verpakkingsregeling de belangrijkste wetgeving is in Duitsland die relevant is voor het starten van een Duitse Bakker Bart winkel. Daarom vind ik het ook goed dat jij een interview gaat houden met de Duitse franchise organisatie, want zij kunnen daar ook meer informatie over geven…"

Mylène van Schaik: "Ja…"

Johanna Maukner: "… en ook natuurlijk op juridisch gebied, wij hebben ook wel een juridische afdeling maar hebben verder nog niks met franchise organisaties gedaan. Maar wat wellicht wel interessant is, is de organisatie van de Duitse overheid, namelijk Germany Trade Invest en zij ondersteunen Bedrijven bij het vinden van de juiste vestigingsplaats."

Mylène van Schaik: "Oke, dat is dan misschien ook wel relevant voor mij, aangezien Duitsland zo groot is."

Johanna Maukner: "Ja, precies. Dus mochten jullie daar interesse in hebben, kunnen wij jullie in contact brengen met hen want wij hebben een samenwerkingscontract met hen."

Mylène van Schaik: "Oke, super. Ik denk dat ik al mijn vragen wel beantwoord heb gekregen. Ik wil u ontzettend bedanken namens de Bakker Bart en mijzelf voor de tijd en moeite. Aan de hand van de informatie die ik heb gekregen kan ik weer aan de slag en daar wil ik u nogmaals voor bedanken."

Johanna Maukner: "Ja, graag gedaan en veel succes met je afstudeeronderzoek. En mochten jullie interesse hebben in onze dienstverleningen, kan je altijd contact met mij opnemen.“

Mylène van Schaik: "Ja, dank u wel. Ik zal uw contactgegevens doorgeven aan de Bakker Bart."

OPNAME GESTOPT

12.2 Transcript Interview DFV

Date	24-02-2015
Location	Not Applicable
Person involved	Torben Leif Brodersen
Tool	Telephone

The interview

Torben Leif Brodersen: "Goodmorning Torben Brodersen, *Deutscher Franchise-Verband...*"

Mylène van Schaik: "Goodmorning, this is Mylène van Schaik from the Netherlands. We have a telephone appointment today. Is this call convenient for you now? "

Torben Leif Brodersen: "Hi Mylène, yes it definitely is. I was planning to call you in a few minutes…"

Mylène van Schaik: "Great, thank you. First of all I would like to thank you for your time and effort. Secondly, I would like to start with a practical question, do you mind if I state your name in the research report? It will be read by the university as well as by the company. "

Torben Leif Brodersen: "Yes, that's good."

Mylène van Schaik: "Great, thank you."

Torben Leif Brodersen: "So you are not on the payroll of Bakker Bart but you are an external party conducting a research for them?"

Mylène van Schaik: "No, I am on the payroll. I work at this company for five years now and I am currently conducting a research for them to check whether or not it would be possible for them to start operating in Germany"

Torben Leif Brodersen: "Ah, I understand. And Bakker Bart is a franchising company in the Netherlands?"

Mylène van Schaik: "Yes, it is a franchising company in the Netherlands and it has one store in Belgium…"

Torben Leif Brodersen: "Okay, no other stores in other countries?"

Mylène van Schaik: "No, that is correct, Bakker Bart is a typical Dutch brand."

Torben Leif Brodersen: "Okay, interesting. How many franchisees?"

Mylène van Schaik: "There are currently 180 stores located in the Netherlands…"

Torben Leif Brodersen: "…good…"

Mylène van Schaik: "… but they are planning to have 250 stores in the Netherlands in the near future and they want to research the opportunities for the German market."

Torben Leif Brodersen: "Alright."

Mylène van Schaik: "So it is quite a big company for the Netherlands."

Torben Leif Brodersen: "Alright, so interesting enough I read a statistic about bakeries in Germany and this statistic was quite clear in the point that there is a reduction of bakeries in Germany in the past ten years."

Mylène van Schaik: "Yes that is right. I read that the number of artisanal bakeries decreased in the past years."

Torben Leif Brodersen: "Okay, and I assume that this is also the case in the Netherlands?"

Mylène van Schaik: "Unfortunately I cannot answer this question as I have been researching the German market. I can only tell you that Bakker Bart is not coping with this problem right now."

Torben Leif Brodersen: "Okay, interesting, in Germany we have strong bakery-discount like Backwerk and Backfactory and so on and they all have changed in the last years in restaurants. So they are not just bakeries anymore, consumers can now drink coffee and so on…"

Mylène van Schaik: "Yes…"

Torben Leif Brodersen: "…So this was a development in the past 10 years that we analysed."

Mylène van Schaik: "I understand…"

Torben Leif Brodersen: "So only having a bakery is not sufficient enough anymore in Germany."

Mylène van Schaik: "Okay, yes, because Bakker Bart is primarily focussing on the concept 'to go'…"

Torben Leif Brodersen: "….and delivery also?"

Mylène van Schaik: "Yes it does deliver as well."

Torben Leif Brodersen: "Good."

Mylène van Schaik: "And I was making a competitor analysis and indeed I concluded as well that many, if not all, German bakeries do have a sort of lunchroom or restaurant. So I was thinking about changing the concept of Bakker Bart as well to make it more attractive on the German market."

Torben Leif Brodersen: "Good, another point is… Since 2015, we have the minimum wage…"

Mylène van Schaik: "Yes, I read that as well…"

Torben Leif Brodersen: "And I have read letters from the German bakery association to politicians, and in these letters they all claim that it would be better for the Eastern part of Germany to stop working with the minimum wage. All because it is too expensive and they cannot increase the prices of the products."

Mylène van Schaik: "Interesting…"

Torben Leif Brodersen: "Yes it is, the minimum wage for this particular sector is €8.15 and this has caused a lot of trouble in Eastern Germany. So, there is not much competition in this area."

Mylène van Schaik: “Okay, thank you. Is this also the reason that there was a decrease in the number of bakeries in Germany? ”

Torben Leif Brodersen: “No, I do not think so because the decrease in the number of shops is a phenomenon of the past years and the minimum wage was introduced very recently.”

Mylène van Schaik: “Okay.”

Torben Leif Brodersen: “I think the main reason for the decrease in the number of shops is the introduction of the discount-driven chains like Backwerk and Backfactory. These chains started operating in 2005 and onwards.”

Mylène van Schaik: “Okay. So you think that these bakeries do form strong competition in market?”

Torben Leif Brodersen: “Yes, I think so. And the next factor is that also discounters like Lidl and Aldi introduced fresh breads in the market ”

Mylène van Schaik: “Yes, I know. So it is really important for Bakker Bart to place itself not high in the market.”

Torben Leif Brodersen: “Yes, from our point of view should this be examined in a pilot. So if you have read the guidelines which I send you by e-mail…”

Mylène van Schaik: “Yes, I have…”

Torben Leif Brodersen: “Our recommendation is to start with a pilot before actually entering the market, because we have to see if it is necessary to change the concept.”

Mylène van Schaik: “Yes, I understand.”

Torben Leif Brodersen: “I am not sure whether the store of Bakker Bart is a franchising store as well?”

Mylène van Schaik: “Yes, it is a franchising concept as well, to be specific, it is a form of direct foreign franchising.”

Torben Leif Brodersen: “Okay…”

Mylène van Schaik: “So this means that it is mainly regulated by the headquarter but the local franchisee is responsible for quality maintenance and all other aspects that are relevant.”

Torben Leif Brodersen: “And are you planning to use direct franchising in Germany as well?”

Mylène van Schaik: “Well, I am not sure yet, because maybe it is better to start with an official store which is owned by the headquarter because in this way the company is able to research what the advantages and disadvantages are and to examine the German characteristics of trading. The company could eventually choose to outsource the store to a franchisee.”

Torben Leif Brodersen: “Right.”

Mylène van Schaik: “But I am still not sure…”

Torben Leif Brodersen: “I think that is a good point because that would cover our recommendation to pilot first."

Mylène van Schaik: "Okay."

Torben Leif Brodersen: "In Germany we have lots of American franchise concepts and their way of multiplying is one-to-one implementation without starting a pilot, but this is not always succesfull…"

Mylène van Schaik: "Okay…"

Torben Leif Brodersen: "So therefore we always recommend people to start with a pilot which could result in significant lower costs."

Mylène van Schaik: "Okay, because I also read that the American sandwich chain called Subway build trainingfacilities in Germany to attract local franchisees. What do you think, would be other appropriate methods to attract German franchisees if Bakker Bart decides to start franchising in Germany?"

Torben Leif Brodersen: "What are the responsibilities of the prospect franchisees?"

Mylène van Schaik: "The franchisee is most often also the baker, if that is what you mean…"

Torben Leif Brodersen: "Yes, that is what I meant, interesting… I think it is important to attract local franchisees to have clearly defined the USPs, unique selling proposition. This is not new to us, but it has become more and more important that a company can bring something new onto the market…"

Mylène van Schaik: "Yes, and that is mainly because of the high level of competition right?"

Torben Leif Brodersen: "Yes, it is. It is also important to highlight what the estimated economical success is of the prospect franchisee because Germans are very very risk averse."

Mylène van Schaik: "Yes, I read it. They tend to avoid risks right?"

Torben Leif Brodersen: "Yeah correct, so convincing prospect franchisees is hard because people are always searching for negative points…"

Mylène van Schaik: "Okay."

Torben Leif Brodersen: "So in order to attract the franchisees you really have to motivate them. This all sounds very negative but it is not, it is only typical German. So, I think to have USPs could increase the likelihood of economic success."

Mylène van Schaik: "Uhu…"

Torben Leif Brodersen: "Important is also to define the pre-contractual situation. This includes the members, tasks and responsibilities and the risks involved."

Mylène van Schaik: "Okay, thank you.Talking about the guide you send me by e-mail, it is stated that Germany does not have a franchise regulation or law, just like the Netherlands. So, I was wondering how franchising is controlled and arranged in Germany and who controls it and what the influence of the European Union is."

Torben Leif Brodersen: "The only influence of the European Union is the guideline for… I am searching for the English word…"

Mylène van Schaik: "… I read something about the code of ethics…?"

Torben Leif Brodersen: "Yes. That is however not what I meant. The European Code of Ethics is the basis of our work and we use this for quality management. This means that, due to the fact that there is no legislation, the government has recommended to self-regulate."

Mylène van Schaik: "Okay, so the code of ethics is more like a guideline."

Torben Leif Brodersen: "It is, and on the European level it can be seen as legislation for vertical companies."

Mylène van Schaik: "Okay, so the code of ethics is actually leading although it was not determined by the European court of Justice…?"

Torben Leif Brodersen: "Correct."

Mylène van Schaik: "How is it possible that, as you stated in the guideline, franchising is so popular in Germany and that there is no legislation. Is there a special reason for this?"

Torben Leif Brodersen: "No, there was no need for a franchise regulation. I have heard from Dutch colleagues however that there is an ongoing discussion about it in the Netherlands…"

Mylène van Schaik: : "That is correct."

Torben Leif Brodersen: "We were informed about that in the second part of 2014 and we said together at the European Franchise Federation, in which I am also in the board, that we have to adapt the European Code of Ethics."

Mylène van Schaik: "Okay."

Torben Leif Brodersen: "My question is, if the European Code of Ethics is being consulted by the National law. I also heard that the Dutch government is not in favour of self-regulation…"

Mylène van Schaik: "That is correct. The Dutch government is examing the possibilities to set up a franchise law. The Code of Ethics is actually being used, however, this code does not give any guarantees to the franchisees or franchisors. And, as you already told me, the German prospect franchisees are a bit hesitant about starting a store which could be classified as a risky situation, so, I was wondering if this could be a negative point for Bakker Bart when entering the German market. What I mean to say is that there are actually no determined rights for the franchisees which can be seen by them as disadvanteagous. So, who controls it and who determines what fair franchising is?"

Torben Leif Brodersen: "Well there is a high number of German court decisions of several cases and these contribute to fair franchising and these are always consulted by the court. And if you want I can define the features of the German franchise law?"

Mylène van Schaik: "Yes, please."

Torben Leif Brodersen: "There is no specific legislation but we have a number of high courts which give us the fundament for being able to define fair franchising."

Mylène van Schaik: "Can you give me an example of a high court in Germany?"

Torben Leif Brodersen: "An example of a German high court is for example the *Bundesgerichtshof* and they have contributed to a trial to state whether a franchisee is independent or not and the decision was made in favour of the franchisee. Unfortuantely, I am not sure what the actual decision was."

Mylène van Schaik: "Okay, that is a pity. Can you tell me if there are any other features of the German legislation or is it only based on this aspect?"

Torben Leif Brodersen: "No, pre-contractual information is also part of the German franchise law. This is however stated in the Civil law. Some years ago, this aspect was more franchisor friendly and now it is more franchisee friendly."

Mylène van Schaik: "How was that possible?"

Torben Leif Brodersen: "There is no specific reason for the change of this, but mainly due to the cases that has been brought to court. Most cases are namely focussed on pre-contractual information."

Mylène van Schaik: "Okay."

Torben Leif Brodersen: "The first thing franchisees do it claiming the franchisor for poor information. That is way most cases are about pre-contractual information."

Mylène van Schaik: "Okay. That is not good. I have another question, because I have read that both the franchisor and franchisee depend on a reputable agreement/contract. I was therefore wondering if there are any specific elements that should be taken into consideration for this agreement?"

Torben Leif Brodersen: "Well, we always recommend all franchisors to hire a specialist on this matter as they know more about the labour act than we know."

Mylène van Schaik: "Okay. So you cannot give me any examples of aspects that should be in the contract?"

Torben Leif Brodersen: "No, unfortunately not. The only thing I can tell you is that it should be in line the European Code of Ethics and with all other regular German laws."

Mylène van Schaik: "Okay, I understand. I was also wondering, since you are active in franchising in Germany, I assume that you have foreign clients that are franchising companies in Germany. Is that correct?"

Torben Leif Brodersen: "If you mean members with clients, yes, that is correct."

Mylène van Schaik: "Okay. Well may I ask you what their experiences are with franchising in Germany?"

Torben Leif Brodersen: "What they have experienced with franchising is difficult to tell as it differs per client. We have for example the member Subway and they had big problems with franchising in

Germany. This was due to the fact that they had grown too quick so they did not comply with the franchising rules and they placed restaurants in the wrong areas and did not adapt the concept to the German market."

Mylène van Schaik: "Okay. So it is really important for Bakker Bart to examine what the best area would be as well as the examine the concept…"

Torben Leif Brodersen: "Yes, and it is best to find this out by doing a pilot. This will save the company a lot of money."

Mylène van Schaik: "Okay. My final questions, what is the role of the *Deutscher Franchise-Verband.* Because I read on your website that it is mainly to represent a fair franchise country. Is this correct?"

Torben Leif Brodersen: "This it correct, but also the philosophy of being the high-quality community of franchise. That is the fact that we use quality management. New members are only allowed if they comply with the European Code of Ethics and comply with our certification process, which is called system check. With this certification process we examine if the company complies with the rules. These checks are every three years. "

Mylène van Schaik: "Okay. Interesting. And how do you check this, by using sample surveys or do you check each franchisee?"

Torben Leif Brodersen: "By sample surveys, yes."

Mylène van Schaik: "Okay. So if I understand you correctly, the DFV is not like a legislative body but acts more as a controlling company. What do companies get in return for your service?"

Torben Leif Brodersen: "Well all franchisees do get a certificate if they comply with the rules."

Mylène van Schaik: "Okay. I think it is all clear to me. I would like to thank you very much for your time and effort and the answers you gave me. Thank you very much."

Torben Leif Brodersen: "My pleasure. Good luck and if are very happy to helping you in the future."

12.4 Questionnaire

Sehr geehrte Damen und Herrn,

Für meine schriftliche Arbeit untersuche ich die Möglichkeiten für Backerei Bart auf dem Deutsche Markt. Sie möchten nämlich gern den Deutsche Markt eintreten mittels Geschäfte in Deutschland.

Backerei Bart ist seit Jahre 1977 einem Begriff in den Niederlanden. Sie machen täglich Frisch belegte Brötchen und Brot wie auf dem Bild. Es gibt auβerdem auch die Möglichkeit um selbständig ein Brötchen zusammen zu stellen: ideal wen Sie eine Allergie haben oder etwas nicht lecker finden. Also, fast alles ist möglich bei Backerei Bart. Neben frische Brötchen und Brot gibt es auch täglich frische Getränke wie Orangensaft, *Smoothies*, Milchmischgetränke und kräftige Snacks. Übrigens gibt es auch wöchentlich neue Angebote. Mittels der E-mail wirden diese Angebote verteilt, danach können Sie mittels der e-mail Rabatt bekommen ohne das drucken von dem E-mail. Ganz einfach!
Backerei Bart findet Qualität und gute Preise sehr wichtig.

Diese Umfrage enthalt 13 Frage. Die Resultate des Umfrages werden nur fur diese Arbeit benutzt und wirden vertraulich behandelt werden. Das ausfüllen kostet nür 5 Minuten und Sie sollten mir damit gut helfen!

Im Voraus bedanke ich Ihnen.

Mit Freundlichen Gruβen,

Mylène van Schaik

ALGEMEIN

1. Was ist Ihre Geschlecht?
   - ☐ Weiblich
   - ☐ Männlich

2. In welchem Bundesland wohnen Sie?
   - ☐ Baden-Württemburg
   - ☐ Bayern
   - ☐ Berlin
   - ☐ Brandenburg
   - ☐ Bremen
   - ☐ Hamburg
   - ☐ Hessen
   - ☐ Mecklenburg-Vorpommern
   - ☐ Niedersachsen
   - ☐ Nordrhein-Westfalen
   - ☐ Rheinland-Pfalz
   - ☐ Saarland
   - ☐ Sachsen
   - ☐ Sachsen-Anhalt
   - ☐ Schleswig-Holstein
   - ☐ Thüringen
3. Wie alt sind Sie?
   - ☐ 10-20 Jahren alt
   - ☐ 21-30 Jahren alt

- ☐ 31-40 Jahren alt
- ☐ 41-50 Jahren alt
- ☐ 51-60 Jahren alt
- ☐ > 60 Jahre

DER KONSUMENT

4. Wie oft kommen Sie bei einer Deutsche Backerei?
   - ☐ Jeden Tag
   - ☐ 1-3 pro Woche
   - ☐ 4-6 pro Woche
   - ☐ 1-5 pro Monat
   - ☐ 6-10 pro Monat
   - ☐ 11+ pro Monat

5. Wie viel Geld spendieren Sie durchschnittlich **pro Besuch** bei der Bäckerei an **belegte Brötchen**?
   - ☐ €0.00-€2.50
   - ☐ €2.50 - €5.00
   - ☐ €5.00 - €7.50
   - ☐ €7.50 - €10.00

6. Wie viel Geld spendieren Sie durchschnittlich **pro Besuch** bei der Bäckerei an **Brot**?
   - ☐ €0.00-€2.50
   - ☐ €2.50 - €5.00
   - ☐ €5.00 - €7.50
   - ☐ €7.50 - €10.00
   - ☐ Mehr wie €10.00

7. Wie viel Geld spendieren Sie durchschnittlich **pro Besuch** bei der Bäckerei an **Kräftige Snacks?**
   - ☐ €0.00-€2.50
   - ☐ €2.50 - €5.00
   - ☐ €5.00 - €7.50
   - ☐ €7.50 - €10.00

8. Wie viel Geld spendieren Sie durchschnittlich **pro Besuch** bei der Bäckerei an **frische Getränke?**
   - ☐ €0.00-€2.50
   - ☐ €2.50 - €5.00
   - ☐ €5.00 - €7.50
   - ☐ €7.50 - €10.00

9. Bei welcher Backerei kaufen Sie am häufigsten Ihre belegte Brötchen, Brot, Snacks und frische Getränke?
   - ☐ BackWerk
   - ☐ Kamps
   - ☐ Kiliansbäck
   - ☐ Subway
   - ☐ Backerei in Supermarkt
   - ☐ Lokalen Bäckerei
   - ☐ Supermarkt

10. Was finden Sie von der Preispolitik bei Ihrer* Bäckerei?
    - ☐ Die Preise sind zu hoch
    - ☐ Die Preise sind gut
    - ☐ Die Preise sind zu niedrig
    - ☐ Kein Meinung

    <u>*Ihrer referiert nach dem Antwort bei Frage 10</u>

11. Was finden Sie von dem Sortiment bei Ihrer* Bäckerei?
    - ☐ Es gibt ein ausreichend Sortiment
    - ☐ Es gibt viel, aber nicht ausreichend
    - ☐ Kein Meinung

    <u>*Ihrer refereriert nach dem Antwort bei Frage 10</u>

12. Sind Sie bereit mehr zu bezahlen wenn einen Produkt täglich frisch gemacht wird?
    - ☐ Ja, natürlich!
    - ☐ Ja, aber nur für Brot
    - ☐ Ja, aber nur für belegte Brötchen
    - ☐ Ja, aber nur für Kräftige Snacks
    - ☐ Ja, aber nur für frische Getränke
    - ☐ Nein, das mache ich nicht

13. Wie groβ ist die Chance dass Sie in der Zukunft Bäckerei Bart besuchen sollen?
    - ☐ Klein/nicht wahrscheinlich
    - ☐ Groβ/sehr wahrscheinlich
    - ☐ Kein Meinung

*** VIELEN DANK *** ENDE DES UMFRAGES *** VIELEN DANK ***