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HOW CAN A EUROPEAN SME INTERNATIONALIZE A FOOD PRODUCT IN SINGAPORE

– Case Study MONBANA Singapore.



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Background: Nowadays, for many SMEs, it is no longer possible to act in the national marketplace without taking into account the risks or opportunities presented by the global competition. Singapore is a country in expansion, the economy is really good, and they are considered as “one of the easiest places to do business”. Food products are the most internationalized in the world.

Purpose: The objective of this study is to analyze the specific process of internationalization of a European SME which wants to internationalize a food product in Singapore. The step of internationalization, the key influences on the entire process will be explained.

Design/ Methodology/ Approach: Three main research questions are proposed to achieve the stated objective. The thesis process was implemented by a qualitative research process. The exploratory case study of Monbana chocolate was chosen to illustrate this study as well as interviews to get primary data from the export manager of Monbana and with the business development manager at Europe-Continents of Monbana chocolates in Singapore. The secondary and tertiary data were collected from related literature, books, articles and reliable internet sources.

Research limitations: The final results of this study cannot be applied in all of European SME's which wants to internationalize food product in Singapore.

Findings: The research reveals that there are a number of significant factors to take into account in the internationalization of the European SME in Singapore. To internationalize a food product in Singapore, the SME needs to prepare and to do research, then the company needs to follow a theoretical and global process to internationalize. The research showed also that the appealing entry mode in an international market is exportation.

Keywords:

SME, food product, Singapore, chocolate, Internationalization process, motives, factors, Singaporean culture.

Table of Content

ABBREVIATIONS AND/OR SYMBOLS	5
1. INTRODUCTION	6
1.1 Background of the Research	6
1.2 Introduction to the key elements	7
1.3 Why this topic	8
1.4 Objectives of the thesis	9
1.5 Personal Motivations	9
2. THE BUSINESS ENVIRONMENT OF SINGAPORE	10
2.1 Singapore's strategic Location	10
2.2 Cultural aspect	10
2.3 Infrastructure	11
2.4 Economic aspects	13
2.5 Labor force	14
2.6 Government aspects	14
2.7 Intellectual Property Rights	15
2.8 Tax system	15
3. CROSS CULTURAL ANALYSIS	17
3.1 Cultural Analysis	17
3.2 Business protocols and etiquette in Singapore	20
3.3 Consumer behavior in Singapore	23
4. INTERNATIONALIZATION PROCESS	29
4.1 Internationalization Theory: UPPSALA MODEL	29
4.2 The General overview of the Internationalization Process	31
4.3 Initiation of Internationalization	32
4.4 Pre-Internationalization	33
4.5 Market Entry Strategies	35
4.6 Designing the Global Marketing Program	41
5. RESEARCH METHODOLOGY	50
5.1 Research methods	50
5.2 Data collection	50
5.3 Case Study	51

5.4	Interview	52
5.5	Validity Reliability	53
6	CASE STUDY: MONBANA & ROCHEMBEAUX	54
6.1	Background	54
6.2	Characteristics of both companies	55
6.3	Market of the chocolate in Singapore	57
7	FINDINGS AND ANALYSIS	59
7.1	Initiation of internationalization	59
7.2	PRE-Internationalization of Monbana	60
7.3	Market Entry Strategies	61
7.4	Designing the Global Marketing Program	62
7.5	Feedback	65
7.6	Development of Monbana in Singapore	66
	CONCLUSION	74
	SOURCES:	78
	APPENDIX 1: Food Import Regulations & Standards Database	89
	APPENDIX 2: Interview Mathieu Chailloux	94
	APPENDIX 3: Interview Jean Philippe Brisaer	99
	FIGURES:	
	Figure 1: Singapore model (Geert Hofstede)	18
	Figure 2: Composition of household expenditure, 1998 vs 2003, (PriceWaterHouseCoopers, 2005-2006)	24
	Figure 3: Key retail companies, 2004 (PriceWaterHouseCoopers, 2005-2006)	26
	Figure 4: The theoretical and operational level of the Uppsala model, Andersen, 1992	30
	Figure 5: Initiation of SME internationalization, Svend Hollensen, 2007	31
	Figure 6: Major motives for starting export, Albaum et al, 1994, p.31	32
	Figure 7: Triggers of exportation initiation, Svend Hollensen, 2007	33
	Figure 8: The most problematic factors for doing business, the Global Competitiveness Report, 2012-2013	34
	Figure 9: Standardization vs. Adaptation, Adapted from Sasu 2005, p.144-147	44
	Figure 10: Monbana's brand and positioning created by the author.	71
	Figure 11: Confrontation matrix, created by the author.	73

ABBREVIATIONS AND/OR SYMBOLS

SME: Small and medium enterprises, a synonym for Small and Medium-sized Business(es)

ASEAN: The Association of Southeast Asian Nations, a geo-political and economic organization of ten countries located in Southeast Asia

CAC: The Changi Airfreight Centre

PSA: Port of Singapore Authority

TEU: Twenty-foot equivalent unit, a measure used for capacity in container transportation

MRT: Mass Rapid Transit

IDA: Infocomm Development Authority

IMD: Institute for Management Development

IP: Intellectual Property Rights

WEF: The World Economic Forum

PERC: Political Economic Risk Consultancy

IRAS: Inland Revenue Authority of Singapore

SGD: Singaporean dollar

GST: Goods and Services Tax

AVA: Agri-Food & Veterinary Authority

FCD: Food Control Division

SMFA: Singapore Food Manufacturers' Association

B2B: Business to business

B2C: Business to consumers

FDI: Foreign Direct Investment

ACRA: Accounting & Corporate Regulatory Authority.

F&B: Food & Beverage

HoReCa: hotel, restaurant and catering companies

1. INTRODUCTION

1.1 Background of the Research

This thesis will focus on how a European Small and medium enterprise (SME) can internationalize a food product in Singapore.

Nowadays, for many SMEs, it is no longer possible to act in the national marketplace without taking into account the risks or opportunities presented by the global competition. (Mitja Ruzzier, Robert D. Hisrich, Bostjan Antoncic, 2006). Business is becoming international, for large as well as for small companies. (Haahti, Antti J, 1998) Foreign markets can offer great opportunities to firms; more potential market, better workforce, lower trade barrier, better transportation etc. So this report will focus on “how” a SME can internationalize a food product in Singapore.

Food is the product which is the most internationalized and globalized in the world; the research will focus on food because the food we eat today comes from a global marketplace comprising over 170 countries. (Foodsafetygov, n.d)

The speciality food sector has shown astonishing levels of internationalization over the years (Cembalo et al., 2007) and, due to its extreme variety (Mora, 2007), it has also shown rather variegated internationalization patterns. Food is now traded and marketed on an international basis. Between 1961 and 1999, there was a 400% increase in worldwide food exports. (Van den Bossche, 2005) The most important cultural convention that structures our daily life in the consumption domain is definitely the eating patterns. It is the most important element for the human life so this thesis will focus on this topic.

The research will focus on Asia, and particularly on Singapore. Asia is a mosaic of different markets and differing business cultures. “With its huge population and numerous resources, Asia is seen as a market opportunity by many industries. Its population, per capita income, and savings are growing, resulting in more purchasing power and a rapidly expanding consumer market.” (Richard R. Gesterland & George F. Seyk, 2002) Singapore, member of the four Asian Tigers, is a stable country, has got a highly developed and successful market economy called the “Singapore Model”, an open market, pro exportation and importation,

pro business environment, corruption free and transparent, stable prices, low taxes etc. To sum up, Singapore is in expansion and it seems to be the best country to do business with, especially for food industry. It is considered as the most developed food retail market in Southeast Asia, and with the growth of the expatriate population, it influenced the Singaporean food culture.(GuidemeSingapore, n.d) European SMEs have the opportunity to do business over there.

But even if the market becomes more occidental, doing business in Singapore stays challenging. The scope of its markets is daunting, the cultural differences among the businesses is huge. The internationalization process requires a lot of time for the firm and dedicated resources. Approaching this market necessitates a lot of research about their culture, traditions, way to live, consumer behavior, purchasing behavior and the culture, because “understanding the culture in a country or region in which you are doing business is a critical skill for the international business person. Without this knowledge, a successful outcome to the business venture can be in jeopardy.” (Hofstede) The company needs to know the country well before going there; and the internationalization needs to be planned well in order to get a chance to succeed the internationalization.

Research question:

- Which key factors should be taken into account when you launch a food product in Singapore? What are the key factors for a successful internationalization?
- What are the main steps to internationalize a product in Singapore?
- How Monbana succeed to develop itself in Singapore? (case Study MONBANA chocolate)

1.2 Introduction to the key elements

In order to understand the topic and to be clear, it is relevant to fully understand the keywords of this subject.

“How can a European **SME internationalize** a food product in Singapore?”

What do I mean by “internationalization”?

Internationalization is a current topic all around the world, especially for firms which want to expand their businesses. “Internationalization is a synonym for the geographical expansion of economic activities over a national country’s border.” (Mitja Ruzzier, Robert D.

Hisrich, Bostjan Antoncic, 2006). The term started to be used in the 1920s. It refers to the modification of organization's marketing methods; more specifically it refers to the process from domestic marketing to international marketing. "Calof and Beamish (1995, page 116) defined internationalization as "the process of adapting firms' operations (strategies, structures, resources, etc) to international environments." And regarding Welch and Lustarinen (1988), internationalization refers to "the process of increasing involvement in international operations". Hence, the word Internationalization refers as a process of entering international markets and developing a product abroad.

Nowadays as the whole world is growing together, it is fundamental for the success of all companies to expand itself to other countries if their business shall grow further.

Now that we understand what the word internationalization means, let's focus on the meaning of "**SME**": SME refers to small and medium sized enterprises. There are three sizes of SME, micro, small and medium. In this report, the term SME covers small and medium sized companies in which:

- 1). Small sized company is a firm which employs more than 9 persons but less than 50 persons and where the turnover or the total balance sheet is less or equal than ten million Euros. ("Small and medium sized enterprises", European Commission)
- 2). Medium sized is a firm which employs more than 49 persons but less than 250 persons and where the turnover is less or equal than fifty million Euros and the total balance sheet is less or equal than forty three million Euros.

According to the European Commission, "The category of micro, small and medium-sized enterprises (SMEs) is made up of enterprises which employ fewer than 250 persons and which have an annual turnover not exceeding 50 million euro, and/or an annual balance sheet total not exceeding 43 million euro." (Extract of Article 2 of the Annex of Recommendation 2003/361/EC)

1.3 Why this topic

Nowadays, SMEs need to internationalize to stay competitive; they can also find opportunities abroad, especially in Asia. I focus on SMEs because as Jack Ma said, the creator of Alibaba, there are more shrimps in the ocean than whales, whales represent

multinationals and SME's are compared to shrimps. Singapore is a country in expansion, the economy is really good, and they are considered as "one of the easiest places to do business". I think that it is interesting to understand how small companies can develop and launch a food product in the strong state of Singapore.

1.4 Objectives of the thesis

The overall objective is a statement of what is expected to be achieved in this thesis. My main objective is to find out how a European SME can internationalize (process to go from a domestic market to a global market) a food product in Singapore. The goal is to have an idea of the internationalization process, the several steps the company needs to apply.

I will at first analyse the global situation of Singapore by doing a country profile description. Afterwards, I will describe the research of the Singaporean culture, the food in Singapore etc. This is an important step before being sure to internationalize its product or not.

Then, I will explain what the steps of the internationalization process are.

Finally, with the help of the Monbana's case study, the internationalization process will be illustrated with a specific and real case.

1.5 Personal Motivations

Last year, I did an internship in retail sales and marketing in Rochembeaux, the distributor of Monbana chocolate, in Singapore during seven months. Working for a startup as Rochembeaux allowed me to discover an interesting sector in a competitive market. I also realized the opportunities that a company can have during its early years but also the difficulties that are imposed on them. My goal was to develop the chocolate brand Monbana in Singapore. In France, this brand is well known in B2B, in Singapore, the three founders of the company seized an opportunity by tapping into B2C market with Monbana chocolate while continuing investing in the B2B sector.

Monbana saw an opportunity in Singapore, they decided to take the risk and internationalize the chocolate product over there. I think that it is interesting to understand how a company can internationalize a product in Singapore. What are the steps to follow, what in this process is relevant for the company etc. That's why I would like to delve further into this subject.

2. THE BUSINESS ENVIRONMENT OF SINGAPORE

According to the “Doing Business 2012 Report” by the World Bank, Singapore is considered as being “one of the easiest places to do business”. Buy Why? Why would a European SME start a business in Singapore? Why would Singapore be an attractive country to do business with? In the Internationalization Process, this part is the Pre-Internationalization stage, the marketer needs to be prepared and he needs to evaluate the country. It can also be reasons for the company to go in Singapore.

2.1 Singapore’s strategic Location

Singapore is a city-state in Southeast Asia located at the southern tip of the Malaysian peninsula between the South China Sea and the Indian Ocean. (Encyclopedia of the Nations, 2010) The biggest island is mostly devoted to residential, business commercial and industrial development. Located at the heart of the ASEAN (Association of South East Asian Nations), Singapore is settled at the centre of business opportunities. This island connects Asia, Europe and the Middle East, it is considered as a base for international companies which are looking to expand in Asia. Singapore has got many city’s attractions, with Orchard Road, the huge shopping street, Chinatown, little India, Clarke Quay, the Sentosa island etc.To sum up, thanks to its strategic location, Singapore is the location for multinational or for SMEs companies to thrive in.

2.2 Cultural aspect

Established by Thomas Raffles in 1819, the small Singapore soon attracted migrants and merchants from all over Asia. (Metropolasia, n.d)

One of the remarkable aspects with Singapore is that it is a cosmopolitan society. A part of its success is due to its multilingual and multi-ethnic blend of Chinese (78%), Malays (15%) and Indians (6%). (Richard R. Gesterland & George F. Seyk, 2002, p.139) Since few years now, Singapore welcomes many expatriates, usually from Philippines, Indonesia and Bangladesh but also from diverse countries as North America, Europe, and China etc. Each culture has got its own customs, religions, language, habits and their own festivals (Chinese New Year for Chinese people, Hari Raya Haji for Muslim, Thaipusam for Hindus...).(YourSingapore, n.d)

There are four official languages in Singapore which are: English, Chinese, Malay and Tamil. However, most of the ethnic Chinese business people speak both Mandarin and English. Almost everybody in Singapore speaks English. The presence of Malays and Chinese people had an influence on the type of English that is used in Singapore, we usually talk about “Singlish” (it is an English-based Creole language). Singlish is a “badge of identity” for many Singaporeans. (Gupta, Anthea Fraser, 1994)

Expatriates may encounter some language problems in the beginning with the “Singlish” language; it is a mix of English with other languages. Usually you can hear that at the end of the sentences they can use funny terms like “okay lah” “mah”...

Speaking mandarin provides Singaporeans the access to the “booming” China market, and talking English makes doing business easy for investors and exporters all around the world. (Richard R. Gesterland & George F. Seyk, 2002, p.139) However, the English language competence is not the only reason why western negotiators like doing business in Singapore even if it is a positive point. Hundreds of American, European and Asian companies think that Singapore’s geographic position makes it the ideal site for doing business in Asia. Moreover, Singapore’s business culture is evolving towards an international style which makes it easier for foreigner investors. Singapore shows how ethnic and linguistic can contribute to a nation’s economic success. (R. Gesterland & George F. Seyk, 2002, p.139) In brief, for a European SME, Singapore is a multi-faceted society and an international state (business is in English). It is considered as the place in the whole Asia to do business.

2.3 Infrastructure

The infrastructure is obviously central to the development socio-economic of a country and it is a key factor of a good internationalization for companies.

“An efficient infrastructure facilitates delivery of information, goods and services, supports economic growth and assists in achieving social objectives such as raising the living standards and educational levels.” (Hank Lim, *Singapore Institute of International Affairs*). Today, Singapore is a vibrant city, an important global business hub and the city-state offers a “world class physical” infrastructure. (Trade Chakra, n.d) It is well-served and connected to the world by sea, air, ground and telecommunications infrastructure.

2.3.1 Changi International Airport

Changi International Airport is Singapore's national airport and air cargo terminal. Today, Changi Airport is a leading air hub renowned worldwide especially for its efficiency.

The airport caters to 106 airlines serving 240 cities in over 60 countries. (Changi Airport, 2013) Changi Airport is also one of the Singapore's favorite places for shopping with 330 retail stores, and for dining with 120 food & beverage outlets over 70 000 square meters of commercial space across its three terminals, (Changi Airport, 2013). The Airport won the much coveted prize of World's Best International Transit Airport in 2012 at the World Airport Awards held in Vienna. The Changi Airfreight Centre (CAC) is a 24 hour Free Trade Zone for cargo, shippers, airlines and consignees, they can be easily moved, consolidated stored or repacked with minimal customs formalities. (Changi Airport Group, 2013)

2.3.2 PSA Singapore Terminals

PSA International Pte Ltd, or port of Singapore Authority is Singapore's port and the world's busiest transshipment hub. PSA Singapore Terminals operates four container terminals and two multi-purpose terminals, connecting all kinds of vessels including container ships, bulk carriers, and cargo freighters. (www.sg, nov 2012) With its strategic location, Singapore is the place where the transshipment happens. The state is in the middle of the main shipping routes of the world, and moreover, it has got an excellent connectivity with 600 ports in 123 countries. The port is one of the world's largest port operators. In 2012, it handled 31.26 million TEUs of containers.(PSA, 2010) PSA Singapore Terminals consistently won awards for the best Container Terminal in Asia for the 23rd time at the 2012 Asian Freight & Supply Chain Awards, for the best seaport in Asia (for 24 years) and "Port Operator Award" at the Lloyd's List Awards, Asia for the 12th time in 2012.

2.3.3 Transportation

Travelling in Singapore is easy, safe and well organized. An efficient public transportation network of buses, taxis and the modern Mass Rapid Transit (MRT) rail system ensures a smoothness of the travel.

2.3.4 Telecommunication

Singapore is one of the most connected cities in the world, the European SME needs to take this aspect into account in its promotion strategy. According to some information released

by Infocomm Development Authority (IDA), broadband penetration hit 99.9% in the country last December 2008; this makes Singapore the most wired country in the world ahead of some of the world's most connected countries like South Korea (92%), Honk Kong (83.8%) and Taiwan (76.8%). (Asian blog, 2009) Singapore has got an extensive network of mobile and internet services. As Singapore's mobile market continues to grow, the number of broadband access are also increasing. To sum up, with its extensive connectivity, Singapore is an ideal "e-commerce hub".

2.4 Economic aspects

Singapore was a British colony until 1959, in 1963 Singapore joined Malaysia only to break away and become independent in 1965. (Communicaid, 2009) Since it separated from Malaysia in 1965, Singapore has had an extraordinary increase in economic performance.

Today Singapore is also called one of the "Four Asian Tigers" or Asian Dragons. It refers to the highly developed economies of Hong Kong, South Korea, Taiwan and Singapore. Now Singapore has a highly developed and successful market economy; it is called the "Singapore Model": an open market, pro business environment, corruption free and transparent, stable prices, low taxes etc. It is the only Asian country to have AAA credit ratings from all three major credit rating agencies: Standard & Poor's, Moody's and Fitch. (Wikipedia, 2013) Singapore is considers as being "one of the easiest places to do business".

According to the BERI report in 2011 Singapore is the first city with the best investment potential in the world. With no restrictions on the repatriation of profits and the import of capital, and with the stable political and economic climate, Singapore establishes an ideal environment to invest in. Indeed, Singapore is also the third favorite nation in the world for foreign and investment due to its ideal geographic location and its lifestyle with the attractive tax system. (Globalization Index, 2012)

It is today one of the most open markets in the world and as stated by the World Economic Forum's 2012-2013, Singapore is the second city which is the most competitive in the world after Switzerland. The economy is driven by exportation, financial services, tourism and by the PSA Singapore Terminals. It has got its own currency: SGD Singapore dollar. Singapore's main industries are electronics, financial services, oil-drilling equipment, chemicals, rubber processing/product, food and beverages, ship repair, petroleum refining, offshore platform

and entrepot trade. (LowTax, 2013) Importation is also an important part in the economy of Singapore. They import especially machinery, mineral fuels, chemicals, consumer good and food & beverages. The main import partners are Malaysia, United States, China, Japan, South Korea and Japan. To sum up, Singapore is a stable country, with a great economy, favorable location and good infrastructure. Singapore is in expansion and it seems to be the best country to do business with.

2.5 Labor force

Singapore's labor force is the first in the world based on the Business Environment Risk intelligence (BERI) Report in 2011. The labor force is the best in terms of "workers productivity". Singapore is known for its highly skilled workforce, indeed, according to the IMD World Competitiveness Yearbook in 2011, Singapore is in the top 10 in Asia for the most motivated workforce in the world. Employees are good workers, they have good skills, they work hard, work smart and they are motivated. As stated by IMD, Singapore is also in the top 10 in Asia for the best skilled labor. In the Global Competitiveness Report 2011-2012, Singapore is in the top 5 in the world for most business conducive labor regulations. It means that the regulations in Singapore are effective and flexible compared to other countries. The manpower force of the state is educated and professionally qualified. In this same report, Singapore is the second one after Switzerland to have good working conditions and higher rates of productivity. To sum up, the Singaporean manpower is cosmopolitan and international. The government, businesses and unions maintain a good relationship in order to ensure a harmonious and effective working environment. Indeed, this attractive and productive work force attract professionals from all over the world who bring with them their extensive knowledge and new view of business.

2.6 Government aspects

The government of Singapore is a Republic with a parliamentary system of government based on the British Westminster model. (Aseannewsnetwork, 2012) This means that members of Parliament are voted through regular General Elections. (Mongabay.com, 2005) The actual president, Tony Tan Keng Yam, is elected by popular vote for a term of six years. (Metropolasia, n.d) The political image of a country is vital to attract foreign investment.

Due to clear and strict laws and legislations imposed by the government, according to the IMD World Competitiveness Yearbook in 2011, the Singaporean government is ranked 7th in the world and 1st in Asia for having the least corruption in its economy, and it is also ranked the most transparent country in the world and Asia.

2.7 Intellectual Property Rights

Singapore considers that the importance of innovation and creativity cannot be undermined. To promote research and development and adequate intellectual property rights to protect the innovations, Singapore came up with many development policies, strategic investment plans and incentives to attract foreign investment. Indeed, the protection of each form of IP is taken very seriously in Singapore. The WEF, the IMD and the PERC have all ranked Singapore as the “Best IPR Protection in Asia” since 1997.

For more information about the IP of Singapore, refers to the IPOS (Intellectual Property Office of Singapore <http://www.ipos.gov.sg/>, the platform and environment for the creation, protection and exploitation of the IP). (The Singapore Chamber of Commerce, N.d)

2.8 Tax system

Singapore is also known as a country which has got advantage taxes for companies. Investors establish their operations in Singapore for several reasons. At first, as I explained previously, the ease of setting up is a good motivator, but another determinant is the tax regime.

Singapore is well known for its attractive and low effective corporate and individual tax rates in order to attract a global investment. The IRAS, formed in 1960, is responsible for collecting income tax, property tax, goods and services tax, estate duty, betting taxes and stamp duties. (GuideMeSingapore, N.d) For the personal income tax it starts at 0% and goes up to 20% (for income above S\$ 320,000). Singapore corporate tax rate is cap at 17%: \$S 300,000 is below 9% and 17% for profits above \$S 300,000. With this low tax rate, Singapore attracts a good share of international investment.

And finally, the government has adopted a more “broad-based consumption tax” called GST (Goods and Services Tax). Singapore has got the lowest GST rates in the world with a current GST rate of 7%. (Inland Revenue authority of Singapore, 2012)

To sum up, the taxes rate in Singapore is also a benefit for foreigner companies.

To conclude, Singapore has the best business environment in the whole Pacific Asia. Indeed, with its strategic geographical location, its good infrastructures with Changi International Airport, with the PSA Singapore Terminal, the busiest port in the world and with its great telecommunication, Singapore seems to be a good country to do business. For a European SME, doing business in Singapore is not impossible, the business language is English, the workforce is good, the taxes low and the IP is very protected.

In addition to a unique and fascinating lifestyle and culture, Singapore is ranked the third wealthiest nation in the world, it is also considered as being “one of the easiest places to do business”, Singapore has got a great economy, a favorable and stable government which pushes foreigner companies to start a business in Singapore and it is the world leader in foreign trade and investment. Indeed, Singapore is rated number one as the most politically stable country in Asia, it has got the best labor force in the world and finally it is rated number one in Asia for quality of life. To sum up, Singapore is the best place in Asia to start a business.

3. CROSS CULTURAL ANALYSIS

To determine whether and how to enter in the Singaporean market, the marketer needs to conduct some form of “cross cultural” analysis. (Leon G. Schiffman, Leslie Lazar Kanuk, 2007, p.369) In the internationalization Process, this part is called the “Pre-Internationalization”, the marketer needs to do research and he needs to be prepared. Such analysis provides a better understanding of the cultural, social and psychological characteristics of Singaporeans. Singapore is culturally and socially unique with different beliefs, values, language, and business behavior. According to Richard R. Gesterland and Geogre F. Seyk in 2002, “Understanding similarities as well as differences in culture and human behavior is important for marketing and negotiating in Singapore.”

To succeed in Singapore, the international marketer must know how to operate in this unique and multicultural environment, he must know what are the eating habits of the population, the consumer behavior, their lifestyle, how to do business with Singaporean people etc. (Richard R. Gesterland & George F. Seyk, 2002, p.12)

3.1 Cultural Analysis

Culture is a concept which is very difficult to define. Scholars have defines culture in more than 160 ways but all of them shares common elements. (Michael R. Czinkota, Ilkka A. Ronkainen, Michael H. Moffett, 2009) Geert Hofstede’s (1980) definition is the best known to management scholars. For him, “culture is the collective programming of the mind which distinguishes the members of one human group from another”. *Culture* is a framework of behavioral patterns, values, beliefs and behavior shared by a social group. Culture affects the way people behave and the way they think. (Michael R. Czinkota, Ilkka A. Ronkainen, Michael H. Moffett, 2009) The following elements usually included in the concept of culture are: the communication, the religion, the values, the education, political aspect, family etc. The importance of culture to the international marketer is deep. “It is an obvious source of difference; often a greater problem is to understand the underlying attitudes and values of buyers in different countries.” (Svend Hollensen, p216, 2007)

3.1.1 Key Values of the Society

The cultural development of Singapore was impacted by the Confucian philosophy. Singaporeans are highly family oriented; family is the centre of the social structure. The term family generally includes extended family and close friends. The Singaporean Government appreciates the need to recognize and to promote the values of family and did so by launching the Family Values campaign in 1994. (Keng, Kau Ah, 2004). Singaporeans are also very traditional, they celebrate festivals (like Chinese New Year (Tahun Baru Cina), Easter, Hari Buruh...) and the religion plays a strong role in their culture. (Keng, Kau Ah, 2004).

3.1.2 Hofstede dimension

Hofstede is the best to define the culture. According to Geert Hofstede, the way people in different countries distinguish and interpret their world changes along five dimensions: power distance, individualism, masculinity, uncertainty avoidance and the time perspective. I will apply this approach to the case of Singapore. It does not matter for the European SME which internationalization mode it chooses, it is important to understand the culture and to identify the fundamental differences between the European culture and the Singaporean culture before deciding to enter this market or not.

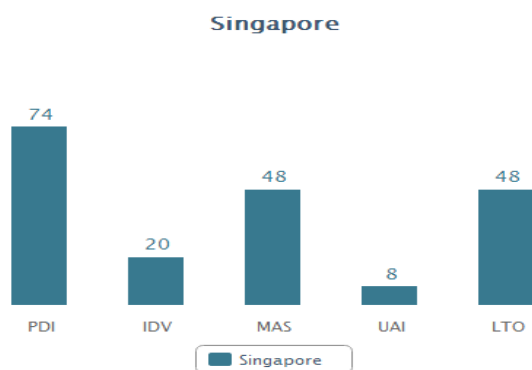


Figure 1: Singapore model, Geert Hofstede

Power distance: This dimension refers to the degree of inequality between people in physical or educational terms.

(Svend Hollensen, 2007, p.621)

With a Confucian background (Chinese), power is centralized between managers-employees etc. Singaporeans are very sensitive to “keep face” in all aspects of their

lives, they are respectful and they attend the same for the other part. Compared to other countries in Asia, Singaporeans claim the fact that they are an egalitarian society but they keep strong hierarchical relationships between employers and employees etc. (Richard R. Gesterland & George F. Seyk, 2002, p.140) For instance, in a meeting, elders are presented first, deference; respect and formality towards superiors are the norm. (Kwintessential, N.d)

Individualism/Collectivistic: This dimension refers to the degree “to which a society reinforces individual or collective achievement and interpersonal relationships.”

(Kwintessential, N.d) Singapore is a collectivistic society; it means that “we” is more important than “I”. The concept of a group is more important than the individual. In Singapore, during interviews, the participants demonstrate their focus on the group rather than the individual. (Liu Qiang, N.d) The notion of group is important for them, as well as the concept of relationships. The business culture in Singapore tends to be both hierarchical and group-oriented. (Bob Riel, N.d) Local entrepreneurs and managers who are in their 50s tend to be more relationship focus, more traditional, it means that they do not do business with strangers, but younger business people start to be more deal-focused. In young companies, being introduced by a third party is not mandatory but it is recommended for more traditional companies. (Richard R. Gesterland & George F. Seyk, 2002, p.140)

Masculinity/ Feminity: It refers to the degree to “the degree societies reinforce, or do not reinforce, the traditional masculine work role model of male achievement, control, and power.” (Kwintessential, N.d) The “masculine” values are achievement, performance, money, competition whereas the “feminine” values are more quality of life, care for the weak, personal relationship. Singapore scores 48 so the state is more on the “feminine” side. It means that conflicts are avoided, consensus is encouraged and also being modest and humble is very important. Because of the importance of “community”, Singaporeans save face, preserve the group and search for harmony. (Bob Riel, N.d)

Uncertainty Avoidance: This dimension concerns the level of acceptance for uncertainty and ambiguity in the society, it expresses the degree to which the members of a society feel uncomfortable with uncertainty. Singapore has a very low score; innovation are frequent, risk is valued in business and the population of Singapore is ethnically diverse. They are ready to accept change and willing to take risks in business. Singaporeans are cautious about risk-taking. Because of their long-term sense of time, they tend to make decisions at a slow pace; they want to be sure they can trust the other party. (Bob Riel, N.d)

Long Term Orientation: This dimension is defined “as the way members in an organization exhibit a pragmatic future-oriented perspective rather than a conventional history or short-

term point of view.” (Svend Hollensen, 2007, p.229) Singapore is again in the middle. Singapore succeeded to become one of the five dragons. It shows cultural qualities, long term investment, perseverance etc. Singaporeans are open to innovative ideas, but it stays a competitive country with objectives. During a negotiation, the foreigner party should avoid making jokes; the presentation must be clear and simple. The negotiating process is more a place of building the relationship and maintaining harmony. (Bob Riel, N.d) The foreign party should never disagree or criticize the Singaporean part for because it may destroy the business relationship. The European party must know that Singaporeans are tough negotiators on price and deadlines. The relationship is important for them, it is also important to stay in close contact (visits, telephone, email etc.) (Richard R. Gesterland & George F. Seyk, 2002)

3.2 Business protocols and etiquette in Singapore

In this part, the goal is to provide a framework to help European SME to fill the gap between the European and the Asian culture during a meeting or negotiation. If the European SME interacts with the Singaporean party, it is good to understand the Singaporean protocols and etiquettes. Understand the cultural aspect of Singaporean is important but being aware of the business protocols and etiquettes is a key factor for a good internationalization. Doing business in Singapore is more “formal” than in European countries and a protocol must be followed. (Kwintessential, N.d) In the Hofstede part, the first contact between both parties, the importance of the hierarchy respect and relationship has been explained as well as the negotiation process. An important aspect that the SME should not forget is that Singapore is a multi-ethnic society with Chinese, Indians and Malays and each culture has got its own customs and codes of behavior in business.

Regarding the first meeting with the Singaporean party, the meeting should be made at least two weeks in advance (via email, telephone or fax). Singaporean prefers face-to-face meetings; they are reserved and formal. The European part must be careful to respect the customs, the festivals and the religion. Do not schedule a meeting during Chinese New Year (end of January/beginning of February). The Singaporean counterpart expects that you (the European party) will be on time.

Regarding the dress code, long-sleeve white shirt and tie is appropriate for men and lightweight dress, skirt or suit for women. When meeting are officials, men should wear a suit and should not remove the jacket until invited to do so.

Greetings are based on the ethnic origin and age of the person. Younger people (Chinese, Malays or Indians) will tend to apply the western mode by shaking hands but it is not the case for with older people. Conservative *Chinese* expect a soft handshake and moderate eye contact. (Richard R. Gesterland & George F. Seyk, 2002, p.119) Some Chinese may bow or nod instead of shaking hands. In common business with *Malays*, gentle handshake and moderate eye contact is appropriate. However, there are other practices: Introductions are done in order of age or status and a graceful “salaam” and a slight bow will be done.

Indians may use a grateful “Namaste” or “Namaskaram” placing palms together vertically accompanied by a slight bow or nod of the head.

Male Malays or Indians will also wait that the women offer their hand. If no hand is offered, a polite smile is done. (Richard R. Gesterland & George F. Seyk, 2002, p.136)

The “name game” is as complex as the culture. In general always address each person with his or her title and name. (or Mr. / Miss/ Madam) But there are some culture-specific tips:

For Chinese names:

They usually have three names, (Kwintessential, N.d), the family name is first and it is followed by two given names. For example, Li Kwan Yen will be addressed as “Mr Lee”. Since Chinese decided to adopt also more western names it will be easier for the European party.

For Malay names:

Many of them do not have any surnames, instead of that; they add the name of the father to their own name. The title “Hajji” (male) or “Hajjah” (female) is before the name and it indicates that the person had made their pilgrimage to Mecca. If before the name there is “Sayyed” (male) or “Sharifah” (female), it means that they are descendent of the prophet Mohammed. (Kwintessential, N.d), For example Abdul Hisham Hajji Rasham: Rasham is the name of his father; Hajji proves that he is a man; hence, he will be called Mr Hisham.

For South Indian names:

Many South Indians in Singapore do not use surnames or they do like Malays, they add the name of their father in front of their own name. "S. Nagarahan" will be called Mr. Nagarahan (S. being the first letter of his fathers' name).

Regarding the "communication aspect", in general, Singaporean negotiators tend to silence and evasive language in order to not avoiding the other party. For example they will not answer with a "No", it is too direct and too rude. This can be confusing for the foreign party. They speak softly and really slowly they do not interrupt the other person because they consider this as not respectful. The other party should not speak loud, laugh or giggle. The European party should also watch their body language and facial expressions. (Richard R. Gesterland & George F. Seyk, 2002, p.141)

For the exchange of business cards, with *Chinese*, the exchange is done with both hands but with *Malays* and *Indians* always offer the card with the right hand, then the other party takes a few seconds to read it and then he put the card carefully in his card wallet.

They will start to exchange general conversation, before starting with the business talk.

Small gifts may be exchanged before leaving the office: With the cultural differences between these three ethnics, the European should be careful.

With the *Chinese*, gift giving is part of their culture contributing to developing *guanxi* (relationship focused). Red is the best color for wrapping paper, avoiding black and white (funeral colors) (Richard R. Gesterland & George F. Seyk, 2002, p.120)

Present the gift with both hands, traditionally; Chinese would refuse a gift the first time it is offered. Avoid giving clocks, handkerchiefs, watches or anything related to the number four (which represents the death). Do not bring food like fruit, sweets or cakes, it says that it is for the children. What kind of gift? No gift made in Asia, but a special gift from your own country. Luxury food from France for example, expensive alcohol...

With *Malays*, gifts of food are good but avoid alcohol for Muslims and if you give food, make sure it is halal. Do not forget to offer the gift like the business card, with the right hand.

With *Indians*, good choices can be items from your own country (food etc.). Avoid giving anything made in leather because it would offend Hindus. If you want to bring flowers, do not bring "Frangipanis" (also "Plumeria"), because they provide shelter to ghosts and

demons. (Wikipedia, 2013) and they are used in funeral. Do not forget to give the gift with the right hand.

3.3 Consumer behavior in Singapore

“The term consumer behavior is defined as the behavior that consumers display in searching for, purchasing, using, evaluating and disposing of products and services that they expect will satisfy their needs.” (Leon G. Schiffman, Leslie Lazar Kanuk, 2007, p.2)

In this internationalization case, the marketer wants to know “if the food is important in the lives of Singaporeans” “where Singaporeans buy the food”, “how much money they spend on food”, “where do they eat”, “why do they eat there”, “what is the decision making process” etc. These questions are fundamental for the European marketer and needs to be taken into account in the pre-internationalization process (part 4).

3.3.1 The role of food in a Singaporeans’ lifestyle

The study of values and lifestyles of Singaporean people would enable European marketers to examine the population habits, the eating patterns and their consumer behavior.

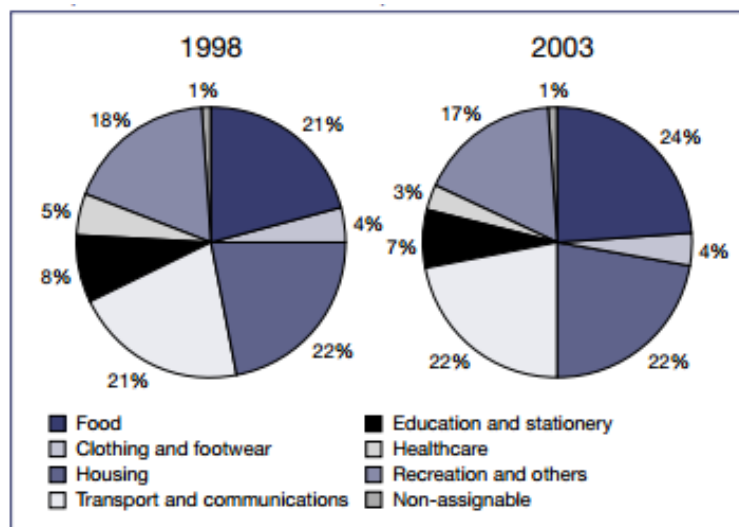
For the European SME, a better knowledge of the values and the lifestyle of Singaporeans would be imperative in order to cope with the opportunities and challenges posed. (Keng, Kau Ah, 2004) Lifestyle refers to habits of consumption reflecting the attitude and values of a person. (Michel Salomon, 2006) To sum up, the lifestyle concept provides to understand the consumers’ everyday needs and wants, and “a mechanism to allow a product or service to be positioned in terms of how it will allow a person to pursue a desire lifestyle” (Michel Salomon, 2006) Food is the most important field of consumption when we talk about people’s daily lives. How often do they eat? Where do they eat? What do they eat? These are questions for which the answers vary from country to country.

3.3.1.1 Food in Singapore

Food has always been used as a tool to define culture and identity; this is particularly true in the case of Singapore to define this country. Eating or as the locals say “makan” is like a national pastime of Singaporean people just after shopping. They are both major acts of consumerism that keeps the economy going. (Wang Hongjun, 2006)

Singapore is now touted as a “food paradise” of Asia (Kai Ling Ang and Schubert Foo, 2002). Singaporeans are simply obsessed with eating. When they met, friends do not greet each other with a “hi, how are you?” Instead of that, they say “Sudah Makan?” (Have you eaten?) (Chris Hansen, 2011) For the best food, they will queue eternally, they will traverse the island, and they will eat at all hours. “Many have been known to come back after migrating simply because they miss their favorite foods.” (Catherine Ling, 2010)

Figure 2: Composition of household expenditure, 1998 vs 2003



Source: Singapore Dept of Statistics

According to the report published by Price Water House Coopers (2005-2006) (Figure 2), on average, the Singaporean household spent approximately 21% of their budget on food. As I said previously, food is considered as a national obsession or Singaporeans. Eating is definitely a significant part of Singaporean culture; it is a part of every Singaporean’s lifestyle. Singaporeans do not eat just in order to fill their stomachs; it is a reflection of the Singaporean lifestyle. (Singapore Food Culture, N.d). In Singapore, they eat “five or six meals a day” (Max Falkowitz, 2012)

In Singapore, you can find all kinds of food from everywhere. The state is known as one of the global food capitals (Maps of World, 2013). In terms of food, Singapore offers Indian, Chinese, Malays, Thai, Indonesian, Turkish, French, Spanish, American and Italian. With the growth of expatriates’ people, and since Singapore imports every possible item from anywhere of the globe, the choice of western food improves. To sum up, we can conclude by

saying that their food is the reflection of the melting-pot of cultural diversity. (RSM, International, 2011)

3.3.2 Buying food in Singapore

There is a huge variety of food options, from food from the supermarket, to food delivery, to hawker centers etc. In this small nation of 4 million people, there are more than 20 000 eating establishments all over the country. (Singapore Food Culture, N.d)

The distribution channels for food and beverage in Singapore are:

- Hypermarkets:

Everything is available under one roof; it is the combination between department store and supermarkets. Carrefour (French owned) and Giant (owned by Dairy Farm International holdings) (*PriceWaterHouseCoopers, 2005-2006*)

In these two hypermarkets, you can find local and international food.

- Supermarkets:

The main supermarkets in Singapore are NTUC Fairprice, Cold Storage, Shop N Save and Sheng Siong. However, Cold Storage is the most popular with the expats.

Other stores less famous: Mustafa (Indian products), Tiemey's (Scandinavian, Swiss and German products), Media-Ya (Japanese products and sea food). These stores offers the same kind of products as in hypermarkets, this means that you can find local as well as international product.

- Grocery/Provisions stores:

These are generally small stores set up in suburban residential areas. We talk about "MiniMarket". The main player is Econ Minimart (owned by the PSC Corp)

- Convenience stores:

These shops are opened for longer hours or 24h/24h and sell groceries and snacks. These shops are 7-Eleven, SPC, Caltex, Cheers, Cheers by Fairprice, Fairprice Xpress. But the main player are Cheers (owned by NTUC Fairprice) and 7 Eleven.

- Market Stalls:

There are more than 11 000 market stalls operating in 150 markets across Singapore. These stalls sell fresh poultry, meat, vegetables, fruits etc. (*PriceWaterHouseCoopers, 2005-2006*)

Figure 3: Key retail companies, 2004

Ranking	Company	Retail format	2003 outlets	2003 sales (USD m)
1	Dairy Farm Int'l Holdings	Supermarket Hypermarket Convenience stores Pharmacy/ Personal care	366	914.4
2	NTUC Fairprice Co-operative	Supermarket Hypermarket Convenience stores Pharmacy/ Personal care	135	793.1
3	Takashimaya	Departmental store	1	252.9
4	Robinson & Co	Departmental store	17	196.7
5	Courts	Specialty – Consumer electronics	15	120.2
6	Best Denki Corp	Specialty – Consumer electronics	10	115.7
7	Carrefour	Hypermarket	2	112.1
8	Pertama Holdings	Specialty – Consumer electronics	11	105.7
9	Isetan	Departmental store	6	104.3
10	Metro Holdings	Departmental store	5	104.3

Source: Retail Asia Magazine, April 2004 issue

According to Price Water House Coopers (2005-2006), on Figure 3, we can notice the ten major retail players in Singapore. So the major food player in Singapore is Dairy Farm Int'l Holdings, NTUC Fairprice, Takashimaya (cold Storage), Carrefour and Isetan (cold storage).

3.3.3 Eating in Singapore

In Singapore, eating-out is easily accessible with its coffee shops, air-conditioned food courts, market restaurants and inexpensive hawker centers. All the eating outlets operates generally from 10am to 10pm. (Kai Ling Ang and Schubert Foo, 2002)

I will narrow down the different location where Singaporeans can eat.

The hawker food in Singapore reflects the melting pot and the ethnic composition of the population. (Huat, Chua Beng, 2000). Hawkers are the lifeblood of Singaporean food culture. The National Environment Agency (NEA) manages 109 hawker centers in Singapore housing over 15 000 stalls altogether. There are 25 hawker center which are owned by the Ministry of the Environment and water Resources (MEWR) and 84 owned by the Housing & Development Board (HDB). (Hawker sg, 2009) Each hawker is usually specializing in a couple of dishes. (Max Falkowitz, 2012) "One can get Chinese, Malay or Muslim and Indian food in every hawker centre; the same type of noodle may be cooked differently by different ethnic hawkers." (Huat, Chua Beng, 2000)

It is cheap (generally 4SGD a meal) and quick (in 5-10min you have the meal). You can find hawker centers everywhere in the street of Singapore. They are semi-enclosed buildings located near public housing buildings and in larger markets. (Max Falkowitz, 2012)

Hawker centers were reported to be Singaporeans' favorite eating outlets with "42.8% patronizing them more than seven times a week."(Kai Ling Ang and Schubert Foo, 2002)

An alternative to Hawker center, people have also the choice with fast-food, food court: indoor restaurants are often in malls on the first floor or on the last floor. They have the same system as hawker; each stand has got its own specialties. Foods of all types and forms are available there. But it is a little bit more expensive than hawker center but still affordable. And then, they can also go to cafes, restaurants: middle range restaurants and upscale dining areas.

3.3.3.1 Why do people prefer eating away from home?

Department of Nutrition of the Ministry of Health in Singapore found out that 70.9% of Singaporean adults have lunch outside, away from home. (Kai Ling Ang and Schubert Foo, 2002) Indeed, an average Singaporean works for 42 hours, approximately five and a half hour per day, and for "workaholics" it is between 12 and 16 hours per day. (Kai Ling Ang and Schubert Foo, 2002) In these circumstances, eating-out is easier and quicker.

Regarding a study that has been done on Singaporean people, the most popular reasons why Singaporeans prefer eating out are: 48% convenience, it is definitely easier, 28% because it is a change of environment, 28% because of the variety of the food and 16% because of lack of time to cook by themselves. (Kai Ling Ang and Schubert Foo, 2002).

3.3.3.2 Consumer decision-making process

Beforehand, the aspect of culture has been defined and explained. The basic concept of culture plays a major role in the decision making of the consumer. The "invisible hand of culture" influences the choice of the consumer. (Leon G. Schiffman, Leslie Lazar Kanuk, 2007, p.342) However, it subsists a process of consumer decision-making which can be analyzed through three stages: the input stage, the process stage and the output stage. In the input stage, the consumer is influenced by the firm's marketing effort (price, product, promotion etc.) and by the socio-cultural environment (family, social class etc.) (Leon G. Schiffman, Leslie Lazar Kanuk, 2007, p.15)

In our situation, the Singaporean can be influenced by his family while he is doing shopping, children absolutely want candies, or they discover that there is a promotion on biscuits. We learned previously that the Singaporean is very close to the family, this may be an aspect to take into account for the company. It is important to note that Singaporeans are generally brand focused and exhibit brand loyalty. However, they are also quality conscious. With the rise of the GST, Singaporeans become more price-sensitive and will seek value for their money. (*PriceWaterHouseCoopers, 2005-2006*) All inputs may affect the consumer purchase. The process stage focuses on how the consumer makes his own decision. Here, the psychological factor (motivation, perception, learning personality and attitudes) of each individual is different. (Leon G. Schiffman, Leslie Lazar Kanuk, 2007, p.15)

Let's take the example of a Singaporean in a hawker. Most of them choose the food because they want it, it seems tasty, it smells good, at the beginning, the perceptual process is in action. The sight, the sound, the smell enters in action. But this is for 50% of Singaporeans, 32% make that decision for health reasons, 13% do their selection on physiological reasons such as easier chewing and digestion. And the rest chooses food based on a shorter queue or no particular reason. (Kai Ling Ang and Schubert Foo, 2002).

And finally, the output stage, it concerns the actual purchase, repurchase and the purchase evaluation. (Leon G. Schiffman, Leslie Lazar Kanuk, 2007, p.15) Here, the consumer knows the product, liked it, so decided to buy it again.

4. INTERNATIONALIZATION PROCESS

Johanson and Mattson (1993) state that internationalization is “the process of adapting firms’ operations (strategy, structure, resources etc.) to international environments”. This means that during the internationalization process; a lot of aspects need to be taken into account. In this part, an internationalization process with the main stages will be revealed to provide guidance to a future European SME who would like to internationalize its food product in Singapore. This will guide the SMEs’ research and help it to determine what aspect it needs to measure during the internationalization process in Singapore.

4.1 Internationalization Theory: UPPSALA MODEL

There are different theoretical approaches to internationalization marketing.

There are several theories like the “Born Global” by Oviatt and McDougal in 1994, the “Network model” by Johanson & Mattson (1988), the “Transaction cost” and the “Uppsala Model” by Johanson & Vahlne in 1977.

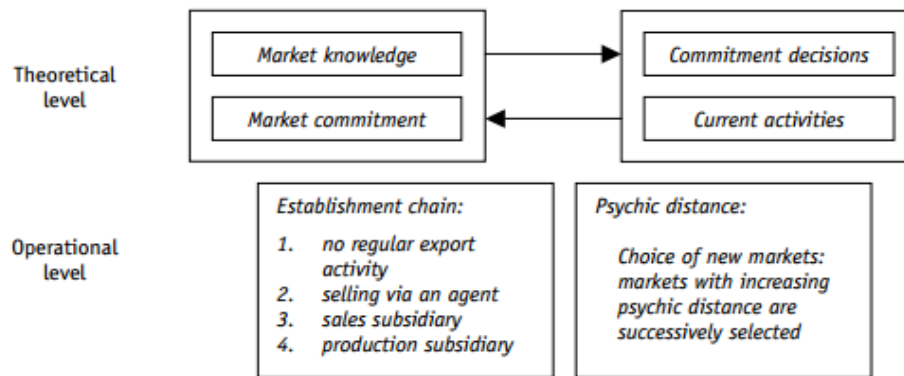
From those several theories, this thesis will focus on the “Uppsala model”. This model fits perfectly to our case, because the Uppsala model focuses on SMEs.

In our case, the SME wants to internationalize abroad by taking small steps, due to uncertainty towards the Singaporean market.

Three Swedish professors from the University of Uppsala developed the Uppsala internationalization theory, (or U-Model). The first model was developed in 1975 by Johanson and Wiedersheim and in 1977; this model was further developed by Johanson and Vahlne. The Uppsala model explains the characteristics of the internationalization process of the firm (Jan Johanson and Jan-Erik Vahlne, 2009). The model has dealt especially with knowledge, acquisition and learning. According to the thesis of Mahshid Shirani, 2009, market knowledge and market commitment affect both commitment decisions and the way existing activities are performed.

Johanson and Vahlne explained internationalization with the dynamic and cycling model below.

Figure 4: The theoretical and operational level of the Uppsala model



Source: Andersen (1993: 222)

In this theoretical level, firms change by learning from their experience and current activities in foreign markets. While the company gained market knowledge and experience of market it enables companies to make market commitment decisions. The most important consequence in the U-model is that the firm tends to intensify its commitment towards foreign markets as their experience grows. (Johanson & Vahlne, 1977, Svend Hollensen, 2007, p.63)

Presented in the lower part of Figure 4, the operational level concerns the concepts “establishment chain” and “psychic distance”. “Psychic distance” defined factors such as differences in language political system and cultural aspect between the domestic and international market (Svend Hollensen, 2007, p.64), which makes it difficult to understand foreign environments. (Jan Johanson and Jan-Erik Vahlne, 2009) Hence, thanks to the experience the firm tends to go first to markets that they can understand the most easily. (Chap 4, Enriched Uppsala Model, N.d)

“Establishment chain” refers to a series of steps towards increased commitment of the firm in the foreign country. There are four steps: 1. No regular export activities, 2. Export via independent representatives, 3. Establishment of a foreign sales subsidiary, 4. Foreign production, manufacturing units. (Johanson & Vahlne, 1977, Svend Hollensen, 2007, p.63)

To sum up, additional market commitments should be done carefully:

- Choose a geographic market with small psychic distance from the domestic market.
- Choose an “entry mode” with few marginal risks. (Svend Hollensen, 2007, p.88)

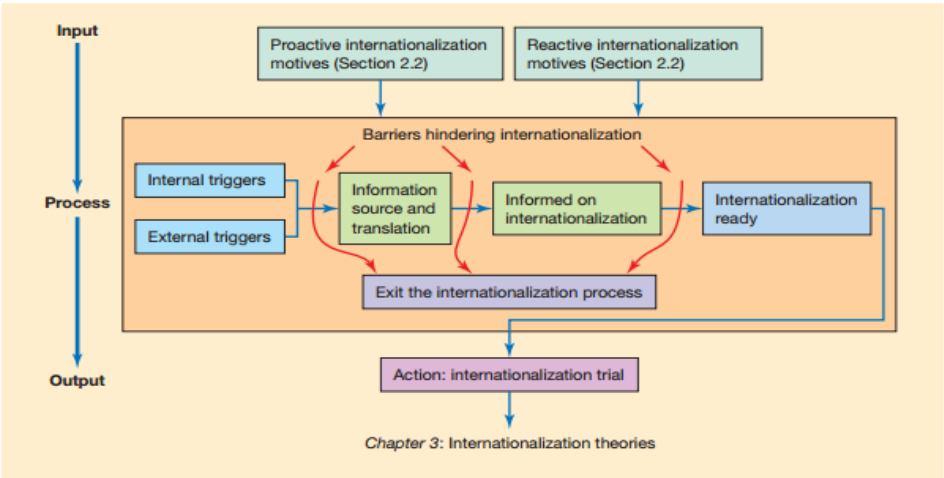
In our situation, the Uppsala model seems to be the best model for the SME. The psychic distance for the SME will be big but less than other Asian countries Singapore is one of the

most occidental. For the internationalization mode, the Uppsala model advises to do the 'export mode', less risky, in our case, the SME may choose this solution too. Indeed, the company does not have a lot of resources, they will try to choose the easiest and less risky internationalization process, then, the company will move from one stage to another one; the experience of the Singaporean market will increase as well as the amount of knowledge, thus, the company can intensify its commitment. (see section "Market entry strategy")

4.2 The General overview of the Internationalization Process

In this part, the internationalization process and the several steps will be explained. The internationalization process are based on the theory of Svend Hollensen in his book "Global Marketing".(2007) There are four main steps in this process, the initiation of the internationalization, the pre-internationalization, the market entry strategy and designing the global marketing program. The figure below describes completely the process of internationalization. First there is the initiation of internationalization with the proactive / reactive internationalization and with the triggers. Then, the green boxes represent the pre-internationalization phase: preparation and research. The last two boxes show the market entry strategy stage and designing the global marketing program. This figure illustrates the different stages and the rest of this chapter will focus on these stages.

Figure 5: Initiation of SME Internationalization



Source: Svend Hollensen, 2007

4.3 Initiation of Internationalization

Before deciding to go international, one or several factors make this internationalization process start. Why the company decides to internationalize? In this part, the various motives to internationalization are explained.

4.3.1 Internationalization motives

Every company has various motives and reasons to start their internationalization process. Usually, there are different motives that drive the company to expand abroad. According to Svend Hollensen (2007), the major factor of internationalization is money, profit. It is indeed considered as a strong motivator. But the profit is not the only motives that make a company go abroad. Hollensen separated the motivational factors into two different section called proactive and reactive motives. (Figure 6)

Figure 6: Major motives for starting export.

Proactive motives	Reactive motives
<ul style="list-style-type: none">• Profit and growth goals• Managerial urge• Technology competence/unique product• Foreign market opportunities/ market information• Economies of scale• Tax benefits	<ul style="list-style-type: none">• Competitive pressures• Domestic market: small and saturated• Overproduction/excess capacity• Unsolicited foreign orders• Extend sales of seasonal products• Proximity to international customers/ psychological distance

Source: adapted from Albaum et al., 1994, p. 31.

The proactive motives represent the market possibilities of the other country. These motives tend to be the usual motives for expansion for big companies (Svend Hollensen, 2007, p.36). Reactive motives represent the pressure or threats in its domestic market, these motives concerned more SMEs. In this thesis, all the proactive motives to internationalize in Singapore were developed in part 2 “country profile”.

4.3.2 Internal and External Triggers

The internal and external triggers are events taking place to initiate internationalization. (See Figure 7). In our situation, the European SME may have a market demand for food, a new employee in the company who believes that there is an opportunity to run in Singapore etc.

Figure 7: Triggers of export initiation

Internal triggers	External triggers
<ul style="list-style-type: none">• Perceptive management• Specific internal event• Importing as inward internationalization	<ul style="list-style-type: none">• Market demand• Competing firms• Trade associations• Outside experts

Source: Svend Hollensen, 2007

The nature of the initiation of the internationalization process with the proactive-reactive motives and the internal-external triggers will be unique in each firm “because of several factors at the organization and individual levels within the firm”. (Knight and Liesch, 2002).

4.4 Pre-Internationalization

When the firm decides to internationalize, there are different steps to respect. This is called the “pre-internationalization” stages. SME companies use that in order to achieve enough relevant knowledge to initiate internationalization. (Freeman, 2002).

Although internationalization can indeed be seen as an opportunity, it may also represent a serious decision due to the costs and risks involved. The company needs to take into account many aspects and the business undertakes various internationalization stages over a period of time.

4.4.1 Research and Preparation

Then, the goal for the SME is to be prepared and the company will do research to understand the new market. Preparation and research is really important before entering a new market. “How well we prepare directly influences success”. (Richard R. Gesterland & George F. Seyk, 2002, p.37) A huge mistake would be to start doing business in Singapore without giving enough thought to preparation and research. There are two stages in the preparation, at first we determine what to evaluate (cultural aspect, political, economical situation etc.) and then we learn how to get those information. These researches focus on the evaluation of the Singaporean **culture**, the business protocol and etiquette, the place of food in Singapore and also the **country description**, country evaluation. In this research, the part II represents the country description and the part III cross cultural analysis talks about the Singaporean culture.

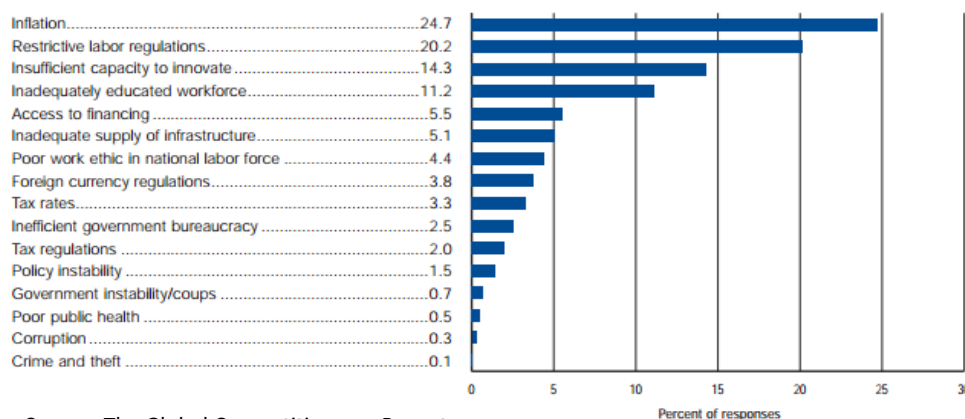
Most SMEs do not have the resources to research all those criteria. But market research is relevant to understand the customers' needs. There are several services available to support internationalization in Singapore. For example the industry and government data, libraries, business and trade materials, competitors' press releases, articles, newspaper, academic publications, chambers of Commerce etc. (Richard R. Gesterland & George F. Seyk, 2002, p.38). While market research impacts every aspect of doing business in Singapore, it is especially relevant for making product and price decisions.

4.4.2 Internationalization barriers/risks: "Uncontrollable factors"

Planning the internationalization is relevant and vital for the success of the SME. However, marketing is filled with hypothesis that cannot be controlled, especially in Asia. We talk about "Uncontrollable" factors; it must be taken into account when setting up a planning strategy. (Richard R. Gesterland & George F. Seyk, 2002, p.9). We can divide these factors in three main groups: General market risks, Commercial risks and Political Risks. Inadequate information on potential foreign customer, competition and the county are key barriers for the company. For Singapore, the European SME may encounter the following problems: General market risks: language and cultural differences, competition from other firms etc. Commercial risks: exchange rate fluctuation (with the foreign currency), delays or damages of the export shipment. Political risks: Labor costs especially, are high in Singapore. (Rosaling Chew and Soon-Beng Chew, 2008).

The most problematic factors for doing business in Singapore are below Figure 8.

Figure 8: The most problematic factors for doing



Source: The Global Competitiveness Report 2012-2013

4.5 Market Entry Strategies

Entering a new country for expanding the business takes a lot of effort and time. The Entry mode defines “how” an entrant enters a foreign market. (Chuan Chen and John Messner, 2011) Wind and Perlmutter (1977) argued that the choice of market entry can be a “frontier issue” in international marketing. The choice of market entry mode is one of the most critical and important decision in the firm’s internationalization strategy process. (Root, 1994; Kumar and Subramaniam 1997; Chung and Enderwick 2001; Nakos and Brouthers 2002) There are several classifications for different entry strategies. For example, Clarke and Wilson (2009) considered that there are three main categories: Export, Contractual Agreements and FDI. Whereas Philip Kotler (2011) thinks that the three main categories are: Export, Joint Venture and FDI.

The Uppsala Model refers to four steps in the establishment chain which are: 1. No regular export activities, 2. Export via independent representatives, 3. Establishment of a foreign sales subsidiary, 4. Foreign production, manufacturing units. (Johanson and Vahlne, 1977, Svend Hollensen, 2007, p.63)

For the market entry strategies of the European SME, the different option of the Uppsala Model will be used. Some entry modes involve higher investment and risks to the foreign market whereas other entry modes involve less risk. (Satu Salmela, 2012)

Indeed, when choosing the entry mode, the company needs to take some factors into account. First, the financial resources. Going abroad can have high investment costs. The company needs to decide if there is enough money to finance the expansion abroad. Then the willingness to take risks. The firm needs to be aware of possible risks, the product might not catch on with the local market etc.

The possible entry modes which will be explained are:

- Exportation: Direct exportation or indirect exportation
- Foreign Sales Subsidiary: Joint Venture or Strategic Alliance
- Foreign production & manufacturing: Contract Manufacturing or Foreign Direct Investment

4.5.1 Export

Export is the most common entry mode into an international market. According to Armstrong and Kotler 2011, export mode is the “easiest way of international business”.

There are two types of export: direct and indirect export.

Direct export means that the company sells products or services from the domestic country directly to an importer or buyer located in the foreign market. (Svend Hollensen, 2007, p.317) The direct export mode includes export through foreign based distributors and agents:

- *Distributors* are independent companies which are the exclusive representatives of the company. They stock the manufacturer’s product and are usually the only importers of the company’s product in their market. The distributor will have the liberty to choose its own customers and price. In many situation, distributors own warehouses and retail establishments. (Svend Hollensen, 2007, p.318)

For the SME the main benefits are that the distributor takes care of selling and promoting the product, it handles the scheduled orders, the stock and carrying receivables and whatever credit losses may occur. (Richard R. Gesterland & George F. Seyk, 2002, p.56)

How can the SME locate good distributors in Singapore? The SME needs to find out which distributor your current customer target prefers. To find a good distributor, the SME can read trade journals and magazines, contact the government embassies, ask manufacturers in Singapore, attend foreign and domestic trade shows, hire consultants who know about distribution in the area, look for ads in local newspapers, use libraries etc.

- *Agents* are independent companies where the agent represents an exporting company and sells to retailers or wholesalers in the importing country.

The advantages of distributors and agents are that both are familiar with the local market.

Direct export involves greater investments and more risks than indirect export but on the long term it makes greater profit.

Indirect export means that the company sells the product to a third party located in the producer’s country. This company exports the product and distributes the product to his customers in return. (Geeta Shiromani, N.d) Indirect export is an easy way to start the internationalization process, risks are low and it does not require large investment.

There are obviously some disadvantages to the export mode in general. Such as some logistical difficulties, high costs for transportation of the products, some rules and regulations concerning trade barriers and tariffs might add extra costs.

For Singapore, the export mode seems to be a good way to start internationalization. A quick market entrance is possible, the company has got less risks and investment costs which help SMEs to enter international business, and finally there is a maximization of scale and a possibility to use existing facilities in the foreign market. (Geeta Shiromani, N.d) The European SME can at first start with a direct export through distributors etc. and then, if they consider that there is a future and profit to earn over there, they can later proceed with a Foreign Direct Investment.

4.5.2 Foreign Sales Subsidiary

4.5.2.1 Joint-Venture:

A joint venture (JV) is a kind of collaboration between two or more parties who decide to start a business together. It can be defined as a partnership between two or more parties to achieve a common business goal by creating a legal entity together. (Richard R. Gesterland & George F. Seyk, 2002, p.64) The joint venture can take many forms. They can be created for distribution, manufacturing, service etc. All parties agree to share the profits.

The joint venture can be a contractual non-equity venture or an equity joint venture. In a contractual non-equity venture, “no joint enterprise with a separate personality is formed” (Svend Hollensen, 2007, p.339) whereas the equity venture “involves a creation of a new company in which foreign and local investors share ownership and control.” (Svend Hollensen, 2007, p.339)

Such as the exportation mode, the joint venture mode has got benefits and drawbacks which should be taken into account before pursuing this option in Singapore. The biggest advantage of a joint venture is that it reduces the political and economic risks for the market entry. Moreover the investment is small and the company will get a better understanding of the Singaporean market. (Richard R. Gesterland & George F. Seyk, 2002, p.65) The disadvantages are the risk of having conflicts between both parties (Geeta Shiromani, N.d), that the profit must be shared and that the shared management complicates decision-making and problem solving. (Richard R. Gesterland & George F. Seyk, 2002, p.65)

The key to a successful joint venture is to know the company you are doing business with and understanding its motives which are relevant for the success of the SME.

In Singapore, the management of a joint-venture is complicated by major culture and communication differences. Especially if the joint venture involves a European company participating in Singapore, then the geographic aspect will become an issue too.

4.5.2.2 Strategic Alliance:

The strategic alliance is another form of business partnership between two or more parties. It is a relationship between two or more parties who work together in order to pursue a common goal. In this relationship, the unique value is to use the specific competencies of each of the organization to gain competitive advantage. (MBA, N.d) This mode is seen as the connection of forces and resources for a defined or undefined period, to achieve a common goal. Unlike a joint-venture, in the strategic alliance mode, firms do not form a new entity. (Business Dictionary, N.d)

According to the definition of non-equity joint venture, strategic alliance and non-equity venture are more or less the same. (Svend Hollensen, 2007, p.339)

The positive aspect with the strategic alliance mode is that the SME would easily gain access to the Singaporean market. This alliance can also increase the sales, develop economies of scale, gain new skills and technology, gain knowledge about the local culture and both companies share the financial aspect and other risks.

However, with this entry mode, the SME is less involved in the control (in the product quality, employees etc.), communication and decision making. (Richard R. Gesterland & George F. Seyk, 2002, p.71)

The key to a successful strategic alliance is the trust and confidentiality between both parties.

4.5.3 Foreign production & manufacturing

4.5.3.1 Contract Manufacturing:

Contract manufacturing is a process which establishes a “working agreement” between two parties. It is a sort of outsourcing specialized in production and production technology. It enables the European SME to have a contract in a foreign market without making a final commitment. It enables the firm also to develop and control the R&D, the marketing, the distribution and the sales process in international markets, while the manufacturer takes

care of ordering, shipment processes and producing the product. (Svend Hollensen, 2007, p.330)

For our situation, if the European SME decides to apply the contract manufacturing mode, it means that the SME would give a formula, design etc of the food product to the contract manufacturer and the Singaporean manufacturer would produce the food product. And the selling and marketing process is left to the European SME. (Wisegeek, N.d)

The benefits in the contract manufacturing mode is cost savings for the European SME because it does not need to pay for the equipment needed for the production and also it means advantages on the labor costs. The SME does not produce the product so it includes lower political and economical risks and the most important, a quicker access to the Singaporean market. The drawbacks are that the contract manufacturer may become a future competitor because of the loss of intellectual property, and some issues about the product (quality etc.) can be revealed.

4.5.3.2 Foreign Direct Investment:

Foreign Direct Investment (FDI) is the direct ownership on an entity in the target country. The investment is called “direct” because the company is seeking to control and manage an enterprise in the international market. Direct foreign investment may be made through the creation and establishment of a new enterprise or the acquisition of an existing entity. This mode helps the SME to control and to have a better understanding of the consumer behavior and competitive environment. But this market entry requires a high level of resources and an important degree of commitment.

In Singapore, the FDI played a central role in the success of the economy. Singapore is the third favorite nation in the world for foreign and investment due to its ideal geographic location and its lifestyle with the attractive tax system. (Globalization Index, 2012)

Hence, the Singaporean government is exceptionally open to foreign investment. (Associate Professor Donghyun PARK, Economics Division, School of Humanities & Social Sciences, Nanyang Technological University, N.d)

Singapore is the world’s easiest place to do business. With its excellent reputation, its good infrastructure, tax system, banking system and strong legal framework, Singapore would be the best place in Asia to start a foreign investment. (TradeChakra, N.d) Companies would

benefit from Singapore's network of over 50 comprehensive double Taxation Avoidance Agreements, moreover they gain as well from Singapore's many free trade agreements and their ideas always rely on a rigorous enforcement of its intellectual property laws so it insures the protection of their ideas. (Ministry Of Manpower, 2012)

If the foreign company decides to establish a new entity in Singapore, there are some basic rules which need to be followed.

A foreign company can decide if to register a Branch Office, a Subsidiary company or a Representative Office. (Christopher Chitty, N.d) All registrations must be done via BizFile and with ACRA under the Companies Act, Cap.50. (RSM, International, 2011) The SME may also approach other companies to settle down in Singapore like for the banking, finance and insurance: Monetary Authority of Singapore, legal aspect: Attorney-General's Chambers, other industries like IES (International Enterprise Singapore). (Ministry Of Manpower, 2012)

The company should also have an EntrePass. This is the work pass for foreign entrepreneurs who want to start a business in Singapore. (Apply at the MOM website)

All the different steps are available at the EnterpriseOne website.

As I said previously, Singapore is open to foreign investment, some government agencies can also help the foreign part to settle down in Singapore:

- The Economic Development Board (EDB) provides comprehensive investor support to ensure a first-rate pro-business environment for startups and companies of all sizes in Singapore. The agency describes its role as to "dream, design and deliver solutions that create value for investors and companies in Singapore" (Ministry of Manpower, 2012)

- Standards, productivity and Innovation Board (SPRING). The mission is to enhance the competitiveness of enterprises; the agency helps enterprises "in financing, capability and management development, technology and innovation, and access to markets." (SPRING, N.d)

- International Enterprise Singapore (IE Singapore) mission is there to help companies grow and internationalize themselves successfully.

- EnterpriseOne is a website for companies looking to start their own business. It features information and services. (Ministry Of Manpower, 2012)

- ACRA's mission is to manage the registration and regulation of business companies and to offer more information. (Ministry Of Manpower, 2012)

For the European SME who wants to internationalize a food product in Singapore, the easiest way would be the export mode. Joint-venture, strategic alliance (joint venture is a type of strategic alliance) and FDI include the fact that the SME needs to go abroad it represents a serious commitment for the firm whereas via the export mode, the company can stay in its own domestic country. The contract manufacturing is also a way to stay in the domestic country. This is especially for a company who is willing to let the manufacturing firm produce their food product. Each of these market entries has its merits and drawbacks, but the last decision is based on the final choice of the company.

The choice of market entry mode is the final important decision in the internationalization process so the SME needs to have a decision-making process based on key points: (Richard R. Gesterland & George F. Seyk, 2002, p.73)

- Be aware of the commitment process at the beginning, it is important that risks and benefits are evaluated and well understood.
- Evaluate information carefully, the SME should examine each benefits and drawbacks of each mode and the consequence it will have on the corporation.
- Be wise and patient, the company should be selective, take its time and scrutinize options carefully to make the good decision. (Richard R. Gesterland & George F. Seyk, 2002, p.73)

4.6 Designing the Global Marketing Program

Once the European SME decides which market entry the firm is going to choose to enter the Singaporean market, the final issue is to design the marketing strategy. This is especially for Foreign Sales Subsidiaries and Foreign direct Investment but for exportation, the company may design the marketing program in collaboration with the distributor/agent. The analysis of competitors, deciding which will be the target consumer and what is going to be the product and price decision is relevant in the stage of designing the global Marketing Program.

4.6.1 Competitor's Analysis

In every sector there is competition, when the European SME will enter the Singaporean market, it will meet other participants so it is relevant for the SME to analyze them. There are 2 goals for analyzing the competition. Firstly, the company has to find a position from

where the European can defend itself. Secondly, the company has to find a way where it can add value to the market. The best framework for analyzing the competitors is developed by Porter. The state of the competition depends upon five competitive forces which are: new entrants, Suppliers, buyers, substitutes and market competitors. (Svend Hollensen, 2007, p.102). These forces determine the degree of competition and the profit potential in an industry. So the firm should at first analyze the food market with all the competitors. Analyzing the competitors can help the SME to get better knowledge off the customer's need. Afterwards, the aim of the SME will be to add value for the customer. Indeed, in a competitive situation, the price that the customers are willing to pay for a good or a service is a "good proxy measure of its value". (Svend Hollensen, 2007, p.107)

4.6.2 Defining your Customer Profile

Once the firm decides to internationalize in Singapore, the next step is to define the customer profile. Defining the customer profile means that the company will target a customer or set of customers that "includes demographic, geographic and psychographic characteristics, as well as buying patterns, creditworthiness and purchase history" (BusinessDictionary, N.d) Here, the European SME identifies the "target audience" which is one of the most crucial decisions. (Business Plan Wiz, 2013)

B2B or B2C: Here, the SME will decide if they sell the food product in B2B (Business to Business) so in hotels or restaurants for example or in the general public, in B2C (business to consumer). The SME can obviously decide to do both, but it would be better if the product already have notoriety in one sector. For example: the product is well known by hotels and restaurants hence they decide to try in B2C market. This step helps to define the target in terms of behavior and general demographic profile. (Business Plan Wiz, 2013)

Customer demographics: Here, the SME defines typical characteristics to describe the customer. In the case of B2C, it includes information like:

- Income level, Gender, Educational level, Age, Occupation, where they live, ethnicity, race and family size.

For Singapore, the SME decides if they are going to target Malays, Indians, Chinese, what age approximately (young, adults?), the income level (normal income, or more wealthy people?) etc.

In the case of B2B, it includes such information as:

- Number of employees, location, type of products or services etc.

For Singapore, if the SME decides to target the B2B sector, (e.g restaurant, hotels), here they search what kind of restaurants, if they want to sell French products, search French restaurants etc.

Customer behavior: This is relevant for the company; here we already developed about the customer behavior regarding food in the “cross cultural analysis”. Following characteristics like the lifestyle, values, beliefs and activities which are taken into account. (Business Plan Wiz, 2013)

These are three main steps for the European SME. The company already chose Singapore as the target country, then the firm needs to choose the target customer. Understanding the customer is in this section mandatory for the success of a good segmentation.

4.6.3 Product Decisions

Once the firm, here the European SME, has chosen Singapore as the target market the next step is to decide with which products the company wants to export in Singapore. (Svend Hollensen, 2007, p.255) The product is more than a simple core product; it is a package of utilities which the buyer receives. The product includes its shape, the color, the packaging, the smell or texture, the labeling, warranty, language, reputation of the manufacturer, country of origin and other symbolic utilities. (Catalin Mihail BARBU, N.d)

When the SME makes the product decision, there are different key issues to take into account: Product acceptability in the Singaporean market, brand name decisions, packaging and legal issues.

For the product, the most important decision facing companies is to decide which **strategy** they are going to use: standardization or adaptation of the product. The concept of standardization/adaptation strategy has been widely discussed in export literature (Cavusgil and Zou, 1994; Lages and Montgomery, 2004; Lages et al., 2008b; Sousa and Bradley, 2009). Standardization/adaptation approach is explained as the degree of similarity/dissimilarity of a marketing program. (Chung, 2003; Katsikeas et al., 2006; Lages and Montgomery, 2004; Lages et al., 2008b). Cavusgil and Zou, (1994), states that “in international marketing, the key consideration is whether the marketing strategy should be standardized or adapted to the conditions of the foreign market.” Cavusgil (1995) classifies standardization vs. adaptation as

one of the four "special challenges in international marketing," along with market-customer assessment and selection, methods for getting close to international customers, and branding, labeling and packaging. (Gale, 2010)

The firm deals with different alternatives: (Catalin Mihail BARBU, N.d)

-Selling the product in Singapore without any changes. (standardized product)

-Modify the product for Singapore

-Developing a new product for Singapore

The success of the European SME in Singapore depends on whether it is able to differentiate the product from other companies. But the key elements of success are different from one country to another. Indeed, the European factors of success may not be the same in Singapore. Therefore, it is relevant for the SME to choose a good strategy between product standardization and product adaptation.

The selection of a standardization or adaptation strategy depends on numerous factors presented in Figure 9:

Figure 9: Standardization vs. Adaption

Factors that encourage standardization	Factors that encourage adaptation
Economies of scale in production	Different terms of use
Savings in research and development	Influences and government regulations
Marketing savings	Different consumption patterns
Economic integration	Local competition
Global competition	Legislative factors

Source: adapted from Sasu 2005, pp 144-147

Product standardization means that the firm sells and advertises the domestic product in the international market. It can mean that the same marketing strategy is applied in all markets (e.g. Samiee and Roth, 1992), or that the domestic marketing strategy is applied to a foreign market (e.g. Cavusgil *et al.*, 1993). Some companies decide to enter the new market with the domestic product and try to market it in the new market "as is". (Richard R. Gesterland & George F. Seyk, 2002, p.40). From a business point, there are many reasons to begin with this approach. First to minimize costs, indeed product development costs money. The company saves money in Research and Development, marketing and production. (Manfred Daberto, 2003-2004) Then, the company makes also economies of scale in materials, processes or equipment. The SME does not need to adapt the equipment because it is selling

the same product in other markets. So there is also a greater control across national borders (Buzzell, 1968). Another aspect is the quality which is really important. It is easier to standardize quality and to guarantee quality in the international context. (Manfred Daberto, 2003-2004)

Product adaptation means that the firm adapts its product to the local market. (Manfred Daberto, 2003-2004) The company modifies the existing core product and takes “the cultural or economic differences between domestic and foreign markets” into account. (G. Jason Goddard, 2006) In this case, using the standardization strategy is good for a big multinational but the SME should be prepared to adapt its product.

Singapore is a multi ethnic state; there are different nationalities hence different cultures. The SME should be aware of this aspect and should “think globally and act locally”. (Michael R. Czinkota, Ilkka A. Ronkainen, Michael H. Moffett, 2009) So in order to meet the needs of international customers, the SME may need to adapt its product to suit the Singaporean market. The goal will be to make the product more acceptable to the local demand. The food industry is the best example in product adaptation. Let’s take pizzas as an example. Pizzas are popular in Asia, but the topping is different in every country. Shrimp is very popular as a topping on pizzas in Singapore whereas in Europe it is less known and appreciated. Moreover, for the core food product, the SME should not forget to adapt itself to the culture. If the SME decides that the target market will be Malays people, if the firm wants to export meat, it should be Halal etc. McDonald is the perfect example for food adaptation. The company understood that each country has got different habits, religions, ways to eat etc. For Indian people, no beef consumption; so just chicken burgers, for Muslims people, only Halal production etc.

But as I explained previously, the product is not only the core product; it is also the packaging, labeling, the legal issues etc: the **product regulations** (Richard R. Gesterland & George F. Seyk, 2002, p.41).

Modifying the packaging is also an important consideration (in countries with a high percent of humidity like in Singapore the packaging may be modified.); the use of color for the packaging also needs to be carefully evaluated. (Privileged the red color in Singapore,

because red is the lucky color). The Ingredients of the product may be change, because of the climate, taste or religious issues. And for some food product, the European SME should not forget to modify the language of the instructions. But this is only necessary if it is not obvious how to use or prepare the product.

And finally, regulations are an essential factor in product adaptation and in product importation. The import of goods is regulated under the Customs Act and the Regulation of Imports and Exports Act. In Singapore, the imports of certain goods called “controlled goods” (Singapore Customs, 2013) are subject to be controlled by the relevant Competent Authorities. (EnterpriseOne, N.d). And here, “controlled goods” are meat, fish, fresh fruits and vegetables, fresh eggs, processed eggs, processed food, food appliances. (AVA, 2013)

In Singapore, the government regulations require food products to meet certain standards. Singapore allows free import of food supplies but it requires some norms and hygiene rules to respect. All imports of “controlled goods” shall comply with established conditions wrote down under the Sale of Food Act and its Regulations. (SMFA, 2013) Importers of “controlled goods” need to register with Agri-Food & Veterinary Authority (AVA) and Food Control Division (FCD). AVA and FCD are the most important governing bodies of food Trade. According to the SMFA, an import permit is required for every import consignment of food product. Importers need to apply for the permit by declaring their imports through the TradeNet®, the freight forwarder or cargo agent. (SMFA, 2013) And finally, the type of food and the amounts that can be brought in Singapore needs to be approved by AVA. Processed food product refers to all type of food except for fish, meat, fresh vegetable and fresh fruits. (SMFA, 2013) Fresh food, like fresh vegetables and fruits are regulated under the Control of Plants Act. And for the import of meat or seafood they are regulated under the Wholesome Meat and Fish Act. For these products, there are specific regulations to apply. (Check on the AVA website for more information).

It is important to know as well that when the SME will send the products to Singapore, the regulations are relatively rigorous. For example for the processed food, the Sale of Food Act requires rules on: the packaging, the sale by date/expiration date, the labeling requirements, the minimum or permitted levels of certain constituents of each food type etc. (GuideMeSingapore, N.d). The merchandise may be subjected to inspections when it arrives in Singapore. Health certificates, from the domestic country must contain the following details: quantity, description of the product, name and address of the domestic

establishment, name and address of consignor / consignee. (GuideMeSingapore, N.d). Hence, the exports to Singapore are rigorously controlled through regulations imposed on the importers. SPRING Singapore (a Singaporean organization) database provide all the standards and technical regulations that the European SME need. In Appendix 1, you can find all the requirements and standards for food and agricultural products for FRANCE to Singapore as well as provides links to authorities' websites.

To sum up, the product decision is an important step in the importation process, and not adapting the product to the Singaporean market can lead to costly mistakes. Many companies use a combination of standardization and adaptation strategies and to conclude, this may be the best solution for the European SME.

4.6.4 Pricing Decisions

Price is part of the marketing mix; it is the only domain of the global marketing mix where policy can be changed easily without large direct cost implications. (Svend Hollensen, 2007, p.145) Price is the amount of money charged for a product or for a service. The price is determined by the market not by the costs associated with the creating of offering. (Robert Vitale, Joseph Gigierano, Waldemar Pfoertsch, N.d) Pricing is the only element in the marketing mix that generates revenue and fixing a price may have severe consequences when mistakes are made. (Paul T.M. Ingenbleek and Ivo A. van der Lans, 2009) But determining a global price is one of the most critical, complex and difficult decisions in international marketing. In the domestic market, the price decision is based on the process of assigning the total estimated cost of production, managing, marketing a product or service and adding a profit margin. (Svend Hollensen, 2007, p.145) Pricing methods vary domestically and internationally. (Kristopher Blanchard, North Central University, N.d) On the international market, it is more complex, many uncontrollable factors impact on prices. The SME needs to take into account some additional external factors such as the competition, the currency fluctuations, the inflation, the market, political and social aspect, etc. These aspects need to be considered in the decision making process. (Etienne Musonera and Uzziel Ndagijimana, N.d) In Singapore for example, if the European SME wants to export food products in Singapore, then the company needs to be aware of the taxes and fees she needs to pay. Food products or "controlled goods" that are imported into Singapore are

subject to GST. The amount of the GST is calculated on the CIF value (Cost, Insurance, Freight) plus all duties payable. The GST (of 7%) needs to be paid if the CIF value is more than 400 SGD. When the amount of the CIF is more than 400 SGD, you need to add the GST, if it is 200 SGD for example, than you don't need to pay the GST. (IRAS, 2012). The SME may also need to pay fees to the Singapore Customs for supervision and inspection of the food products. (The company needs to activate an account at the Singapore Customs before they can export the goods to Singapore.) (EnterpriseOne, N.d)

The objective of the company is to determine a **price strategy** for the Singaporean market. There are several international pricing strategies to determine a price in an international market. For example; the price changes, experience curve pricing etc. In the case of a food product, the following strategies are more in place:

Skimming: This strategy attempts to “skim the cream”, the SME places a high price, the product is unique and some segments in the Singaporean market should be willing to pay for it. For example: foie-gras. In this case, few buyers are attracted; it is not a product for everyday life. (Etienne Musonera and Uzziel Ndagijimana, N.d) They set the initial price high and then systematically reduce it over time. The customers expect prices to fall. (Paul T.M. Ingenbleek and Ivo A. van der Lans, 2009) This strategy is often used when there is a high demand on the market. “The advantage of price skimming is that development costs can be covered relatively quickly, and demand can be kept consistent with production capacity.” (Jennifer Rowley, 1997) This strategy may not be the best one for a SME who wants to sell a food product in Singapore. It can be applied only if there is a high demand and the product is unique.

Penetration Pricing: The goal of this strategy is to stimulate the market and to grab the market share by deliberately offering products at low prices. (Sven Hollensen, 2007, p.481) The goal is to offer low prices to attract the customer which generates volume sales. In general, the main motive for pricing at low levels is an intensive local competition; the firm puts a low price in comparison to other competitors.

Pricing across countries: (Standardization vs differentiation)

For the standardization price, this is based on a setting price for the product. The price will be a world price, (Svend Hollensen, 2007,p 486). Standardized prices reflects the control of

a company on its pricing process. This strategy does not seem appropriate for our situation with the European SME. (Richard R. Gesterland & George F. Seyk, 2002, p.45)

However, the differentiation strategy allows each local subsidiary or partner to set a price by themselves. They set a price that is considered the most appropriate for the Singaporean market. It allows to have flexibility in the local market and greater sensitivity to local characteristics such as income level, costs and condition including adaptation, costs related to the logistic aspect, important in the food chain, market entry etc. The problem with this strategy is the lack of control that the domestic firm has over the price.

For the European SME who wants to internationalize a food product in Singapore, the strategy of differentiation seems to be the most adapted.

The price decision is mainly about the product, but there is also the transfer pricing to take into account in the process. If the SME decides to choose subsidiaries, distributor or a joint venture as a market entry mode and they want to sell the food product through them, then, some form of transfer pricing need to be established. When the SME negotiates the price, these variables need to be taken into account: product demand, delivery requirements, discount, sales volume, product variations, import credits to offset exports, special paperwork including language or printing needs, local packaging needs, shipping costs, exchange rates, duties, delivery terms etc.

Before entering the market, a lot of issues need to be considered. Having a good product strategy and a good price are key issues for selling in Singapore. But this is still not enough. The SME should especially have a good market entry strategy.

5. RESEARCH METHODOLOGY

The purpose of this chapter is to describe the research method and the research design of this thesis. This part begins with research methods followed by data collection method, by a brief description of the case study and of the interview.

5.1 Research methods

Research methods are usually categorized into two types: quantitative and qualitative methods. (Dilanthi Amaratunga, David Baldry, Marjan Sarshar and Rita Newton, 2002). The quantitative method involves the assistance of mathematics and statistics through surveys etc. In other words, quantitative method is related to numerical interpretations.

The qualitative method emphasizes on understanding, interpretation and observation. This method does not rely on numbers and statistic; it refers to case studies, historical reviews, group discussions, observational, interactions, visual texts etc. (Jha, N.K, 2008)

According to Bryman and Bell (2007), the qualitative research is an appropriate approach for researches in business international and management. The objective of qualitative research is to understand a phenomenon rather than to try to find a cause or the effect.

In this report, a qualitative approach will be more appropriate in order to fulfill the goal of this research. By thoroughly studying the case of Monbana, it will be possible to understand the process of internationalization of this company in Singapore by using qualitative methods. The purpose of this thesis is to understand how a European SME can internationalize a food product in Singapore. For the first part, the use of a qualitative method for the presentation of the country was chosen. Quantitative and qualitative method has been used for the “cross cultural analysis”. Quantitative method has been applied for the part about “food in Singapore”. Regarding the internationalization process it refers to qualitative data. Therefore, the qualitative approach has been selected mutually with few quantitative features as the research method in this thesis.

5.2 Data collection

Data are categorized as primary, secondary and tertiary data. Primary data is information that the researcher gathers on his own by interviews, reports, theses, emails, company reports, questionnaires and tests. (Mark Saunders, Philip Lewis and Adrian Thornhill, 2009).

Secondary data refers to data such as books, journals, articles, newspapers, and some government publications that are collected by other researchers (Bryman and Bell, 2007). Secondary literature sources are easier to locate than primary data and they are better covered by the tertiary literature. (Mark Saunders, Philip Lewis and Adrian Thornhill, 2009) To find secondary data, Nelli Portal or Emerald has been useful to find written theory to back the thesis assumptions. Then, the tertiary data also called “search tools” according to Mark Saunders, Philip Lewis and Adrian Thornhill, is designed to help finding primary or secondary data or to set up a new topic. These tertiary data are usually encyclopedias, dictionaries, bibliographies, abstracts etc. In this thesis, primary, secondary and tertiary data are used. I also used my own experience and my observations for the part ‘case study’ and ‘findings and analysis’. The secondary and tertiary data were used for the whole thesis. The primary data and my experience were used to understand the process of internationalization of Monbana in Singapore through the interview. All the data used in the report was cautiously collected from trusted sources to gain the highest trustworthiness and reliability.

5.3 Case Study

According to Yin 1994, case studies are appropriate research methods when questions such as “how” and “why” are involved. A case study method enables the researcher to examine the data within a particular context. According to Bryman and Bell (2007), the case study involves a detailed and intensive analysis of one or few different cases. Creswell (1998), defined a case study as “an exploration of a ‘bounded system’ or a case (or multiple cases) over time through detailed, in-depth data collection involving multiple sources of information rich in context” (Birgit Muehlenhaus, 2004). Case studies are used in domains like psychology, political, social, business. The goal of the case study is to increase the knowledge about individuals, groups, organizations and all aspect related to the research, (Yin, 1994). With a case study, it enables the researcher to understand a complex real-life activity.

The principal phase of the report was performed in order to get a picture of the internationalization process of European SMEs in Singapore. A case study approach was selected through the Monbana experience. Results of exploratory case studies help the

researcher to provide clarification of the research. It is an opportunity to confirm models and theories. Hence, for this study, a case study approach was judged appropriate.

5.4 Interview

In order to have more reliability in the case study, I have decided to use qualitative interviews to collect primary data. The interview is one of the most important and useful qualitative data collection methods in order to obtain information. (Sandy Q. Qu and John Dumay, 2011). It gives the opportunity to precisely study a subject in its natural environment. The interview process is a complex process, (Alan Bryman and Catherine Cassell, 2006) so to be able to run the interview efficiently and without disturbances, the researcher needs to know the background, values and expectations of the respondent. In terms of the design process of the interview, many decisions must be considered: Who to interview, how many people, what type of interview to conduct etc. (Sandy Q. Qu and John Dumay, 2011). The interview can be conducted electronically, by phone, personally or via Skype. There are three types of qualitative interviews: structured interviews, semi-structured interviews and unstructured interviews.

Structured interviews or “standardized interview” are usually a series of pre-established questions created in advanced by the researcher (Arnold Anderson, 2013). Structured interviews are rigid, it allows a limited number of responses, and it looks like a “script”. (Sandy Q. Qu and John Dumay, 2011).

Unstructured interviews are informal; it proceeds from the supposition that the interviewer is unaware of the exact direction of the interview, (Sandy Q.Qu &John Dumay, 2011).

The semi-structured interview is the most common alternative for qualitative research. It involves a preparation of the questions guided by different themes, but during the interview, the researcher may add other questions. The interview will focus on a series of broad themes which need to be covered during the interview. (Sandy Q.Qu & John Dumay, 2011).

For this thesis, the first choice was to use a semi-structured interview via Skype; the method is accessible and easily flexible. The interviewees are Mathieu Chailloux, business Development Manager at ‘Europ-Continents’ of Monbana chocolates in Singapore and Jean Philippe Brisaer, export manager of Monbana chocolates. Jean Philippe Brisaer is the origin of the internationalization of Monbana in Singapore, and Mathieu Chailloux has been an

employee in Rochembeaux (Monbana's distributor) during one year. Today, he is the representative of Monbana in Asia. The two interviewees were busy and preferred to do a structured interview via e-mail. I prepared two different interviews for each of them; the interview for Jean-Philippe Brisaer was focused on the market entry strategy and on possible feedbacks. Mathieu helped me to answer to the pre internationalization part, the part "designing the global marketing program" and finally the part "in Singapore". (see part analysis & Findings and appendix 2 & 3). The structured interview allowed the interview to be strict and clear and to get all the answer needed.

5.5 Validity Reliability

Validity and reliability are important in a qualitative research since they help to determine the objectivity of the research. In quantitative research, the reliability refers to the capability to replicate the results to another study, but this is not possible in qualitative research. Qualitative research refers more to the terms quality, rigor, trustworthiness or credibility instead of validity and dependability instead of reliability. (Davies&Dodd, 2002, Guba, 1985) According to Nahid Golafshani, 2003, a good qualitative study can help the reader to "understand a situation that would otherwise be enigmatic or confusing" (Eisner, 1991, p. 58). The concept of reliability is more a concept with a "purpose of explaining" (quantitative study) while qualitative research has the purpose of "generating understanding".

In this thesis, to achieve high reliability, the research will describe the process of internationalization in detail. This will be done by gathering data and thanks to the interviews (Interviews available in Appendix 2 and 3). This allows the next researcher to replicate this study under same conditions. The interview has been written by the interviewees in order to increase the validity and objectivity of the thesis. However, Sharan B. Merriam explained that questions of reliability and validity are posed to qualitative research. Questions such as "How can you generalize from a small, non-random sample?", "If somebody else did this study, would they get the same results"? These kinds of questions reflect legitimate concerns about the research. In this report, the qualitative process is based on a case study and two interviews. We have answers for this case, but it cannot be a general answer. The limitation of this report is that you cannot generalize it. For each firm, the process of internationalization may be different.

6 CASE STUDY: MONBANA & ROCHEMBEAUX

Monbana is a French company known in the Food Service sector; the company saw an opportunity to develop itself abroad and decided to try in Singapore.

This case shows how a French company can internationalize chocolate in Singapore.

6.1 Background

The case of Monbana is the perfect example to illustrate this report.

Monbana is a French SME who decided to internationalize their chocolate products in Singapore. Last year, I did an internship in Singapore during six months in Rochembeaux, the French distributor of Monbana chocolate.

I concentrated my research towards a continent which appeared to me as the most interesting not only in terms of cultural differences but also in terms of economic growth: Asia. The largest economies in Asia are China, Japan, India, South Korea, Indonesia and Singapore. Singapore is home to several languages with cultural differences, exactly what I was looking for. Singapore relies on a booming economy and it is one of the most developed countries in the world. Regarding the line of business, food is very important in everyday life and this sector is very competitive. The chocolate business is also growing in Asia. Chocolate is grown principally in West Africa, Central and South America and Asia. (InfoComm, N.d) Even if cocoa is mainly produced in developing countries, it is mostly consumed in industrialized countries. According to a source of Monbana, the global consumption of cocoa is \$3 billion ton per year. The United States and Europe are the biggest consumers of chocolate in the world. Chocolate consumption depends on three factors: The habits, the climate and the economic environment. According to marketsandmarkets (N.d), the Asian market is booming and expected to hold a 20% share of the chocolate market in 2016.

I discovered how a small company can raise the brand awareness of an initially unknown product in Singapore. The collaboration between Rochembeaux and Monbana lasted during two years. I was there the second year, just before the break of the partnership between both companies. A SME may take this case as an Example for its own internationalization process.

6.2 Characteristics of both companies

In this part, I will strive to assess a global and objective portrait of Monbana and Rochembeaux as well as a brief presentation of Monbana's products. This will allow the reader to understand better both companies before explaining the internationalization process.

6.2.1 Monbana presentation

Monbana, a French SME has been launched as a family business in 1934 by Louis Guattari, located since 2006 in Ernée. The company initially specialized in the production of cocoa butter. Monbana also specialized in beans roasting and then stood out by with producing chocolate drinks catered to the Food Service sector and the export market. Monbana is now recognized as one of the "best chocolate powders in the world" by professionals. In the 1960s, Monbana diversified its business with the creation of accompaniment products for coffee. Indeed, in 1978, the development of the brand continued under the leadership of Jean Guattari. In 2001, Yves Guattari, grandson of the founder, became President of the company. Monbana decided to expand its activity into international markets.

Leader on the powder market, Monbana offers a wide variety of products. This unique know-how related to an unequalled expertise in nutrition and a R&D unit at the cutting edge of innovation, is also devoted to an exceptional Gourmet collection, certain to delight the most discerning chocolate lovers.

According to the report of Monbana in march 2013, Monbana employs today 240 employees and has got a turnover of 37,5 M€ (export represent 18% of sales). The company manufactures 1,5 million of chocolate per day and 2,500 tons of chocolate powder. Monbana chocolates are distributed in 40 countries (Asia, Europe, North and South America) and the company owns more than 1.500 retail outlets.

6.2.2 Monbana's products

The following product description were collected from the catalog of Monbana and from my own experience in Singapore (especially for the Singaporean price, they are based on a price list that I made by myself.)

CHOCOLATE DRINKS: "The French Gourmet ritual"

From the beginning, Monbana invented chocolate powder recipes, as creative as indulgent, like the first flavored chocolate powder in 2003.

Classic Powders: “Salon de thé”, “Trésor”, “Suprême”, “Pure Cocoa” (100% of cocoa). Monbana’s bestseller regarding chocolate powder is: Trésor de Chocolat (n°1 in Europe). Price in FRANCE: 7.50€/ 250g – Price in SINGAPORE: \$ 19.90 / 250g

It’s important to know that “Trésor” is Hallal, “Pure Cocoa” good for diabetics and this powder needs to be mixed with water nor milk.

Flavoured Powders: Highly appreciated for its quality and variety, the collection of flavored chocolate powders includes 9 delicious flavors: Vanilla, Orange, Almond, Cinnamon, Spices, Caramel, Red Fruits, Hazelnut, Cappuccino and Ginger Bread. Price in FRANCE: 7.50€/ 250g Price in SINGAPORE: \$ 19.90 / 250g

Ice Chocolate (Cocoa, Cappuccino): Monbana creates several powders for hot and cold recipes. Ice chocolate powder can be mixed instantly in cold milk, to be enjoyed with ice as a refreshing soft drink or as basis for a summer cocktail. Price in FRANCE: 6.00€/ 250g - Price in SINGAPORE: \$19.90 / 250g.

CHOCOLATE SQUARES – NEAPOLITANS: Monbana has developed a wide range of delicious squares with an extensive selection of recipes. Dark chocolate, milk, milk with fruit or caramel, Monbana will ensure exceptional products and provide its customers with high quality chocolate.

In agreement with the market trend, and ethical concern, Monbana proposes henceforth a Bio-Fair Trade chocolate range labeled (Max Havelaar).

COATED CHOCOLATES: METAL TREAT BOXES: Monbana offers a wide variety in the accompaniment range, so that customers who regularly patronize bars and restaurants are always excited by quality and novelty. Chocolate coated almonds, crispy cereals or chocolate covered hazelnuts come with burst with an espresso or tea consumption. Exquisite almonds, gourmet crunchies, coated coffee beans and other chocolate delicacies in elegant tin boxes at \$16.90 in SINGAPORE (7.60€ in FRANCE)

PRALINES: Monbana has created a wide variety of dark chocolates, ganaches, pralines...a huge array of flavors and colors. In 2001, Monbana won the 3 Golden Beans Award during the Paris Chocolate Fair, making Monbana the first Chocolatier with such distinction.

GIFT BOXES: Because it focuses on pleasure above all other things, Monbana proposes a wide range of delicious and refined gift items like the Cube: six varieties of different chocolate, 90 Neapolitans, hampers etc.

6.2.3 Rochembeaux presentation

Rochembeaux (S) Pte Ltd was incorporated in 2008 in Singapore by two French Tahitian founders: Ralph Vetea Lee and Manua Guehenec. This young new firm started off with coffee, imported from Italy and distributed in Singapore. Rochembeaux went on with more European products: Monbana chocolates and Giffard syrups & liquors. The aim was to establish distribution networks in the Southeast Asia region, in Malaysia, Indonesia and so on. The company is a small SME composed of the two founders, two employees and interns. Today, Rochembeaux managed to gain the trust of prestigious business partners such as Singapore Airlines, Pan pacific, Fairmont, Hilton, Maybank and so on.

For the Rochembeaux first two years relied on the sale of Molinari coffee in Food service sector. Then, in 2010, Rochembeaux decided to diversify its product range by importing new products: **Monbana chocolate** and Giffard syrups. Indeed, according to Ralph Lee my previous boss, it has tripled the turnover of the company: \$300 000 in 2009 against \$1 000 000 in 2011. Then, the three founders seized an opportunity by tapping into B2C market with Monbana chocolate. Rochembeaux launched its his first shop under “Monbana” brand in 2010 in Takashimaya department store, one of the most prestigious department store in Singapore, located on Orchard road, the French equivalent of the “Champ Elysées”.

6.3 Market of the chocolate in Singapore

According to a report from Euromonitor International 2013, chocolates constantly remain popular amongst Singaporeans as consumers’ taste growth in sophistication. It is undeniable that the recovery of the economy further encouraged the purchase of such indulgent products.

In recent years, Singapore has been greatly exposed to the Western media and culture. (Pinaki Dutta, 2008). Behaviors regarding chocolate has totally changed, people decided to eat more chocolate. Chocolate is seen as an impulse purchase, but it’s becoming increasingly every day among consumers (KPMG, 2012). In Singapore, many people, especially among friends and colleagues, have begun to practice gift giving. Christmas has become a widely

celebrated public holiday and a festive season. Apart for Christmas, there are many other popular gift-giving occasions such as: Valentine's Day, Mother's Day, Easter, Birthdays, Chinese New Year etc. These occasions offer outstanding business opportunities for chocolate firms and ideal platforms for Monbana, as many people these days purchase chocolates as gifts for their friends and loved ones.

Regarding the culture of chocolate in the Singaporean market, it distinguishes itself from the European market. They are not used to drink hot chocolate; they drink more tea and coffee. Moreover, they usually do not know how to make a hot chocolate, they are used to drink Milo (famous brand in Singapore, mix water and chocolate powder Milo), and so they are not aware that the real hot chocolate which is made with milk and chocolate powder. Concerning the chocolate, Singaporeans prefer dark chocolate, even the children, milk chocolate is "too sweet" for their taste. Consumers also started becoming more health conscious. Indeed, an increased emphasis on healthy lifestyles grows in Singapore, and thus dark chocolate grew in popularity.

Criteria for purchasing chocolate for the Singaporeans are: the quality of the product, the packaging and the nutritional benefits. They are sensitive to the origin of the product and generally associate the origin country to the quality of the product. Packaging is also very important for Singaporeans; note that according to a source of Monbana, 80% of Chinese are very sensitive to particular colors like red and gold. Then, as I explained previously, Singaporeans becomes more health conscious, the nutritional intakes will be a key factor.

According to a report from Euromonitor, 2013, the chocolate market in Singapore increased at a compound annual growth rate of 1.8% between 2004 and 2009 and moreover, chocolate bars let the chocolate market in 2009 with a share of 27% in Singapore. In addition, since 2010, premium chocolate continued to rise in popularity.

To sum up, Singapore is a good place and a good market for chocolate companies.

7 FINDINGS AND ANALYSIS

This chapter is dedicated to analyze and interpret the two interviews.

I interviewed Mathieu Chailloux, business Development Manager at 'Europ-Continents' of Monbana chocolates in Singapore and Jean Philippe Brisaer, export manager in 27 countries for Monbana chocolates. At this stage, empirical study of internationalization process of Monbana chocolate in Singapore is presented. This part will keep the same steps of the internationalization process. I will divide the different type of questions of the interview in different part and I will add my own analyze based on my "cross cultural analysis", my "internationalization process" and my own experience in my internship.

7.1 Initiation of internationalization

This part is based on the interview of Mathieu Chailloux and answers to question 1 to 3 (Appendix 2). Nowadays, for many SMEs, it is no longer possible to act in the domestic marketplace without taking the risks or opportunities presented by global competition into account. (Mitja Ruzzier, Robert D. Hisrich, Bostjan Antoncic, 2006).

7.1.1 Internationalization Motives

Question 1: "Why did you want to internationalize/export Monbana?"

When a company decides that it is time to act "globally", the internationalization motives can be mix: Proactive and reactive motives.

Mathieu explained that the company was originally focused on the French market. In 2001, Monbana decided to explore the foreign market and since this date, they have developed partnerships with food service and retail distributors all around the world. Monbana developed strong partnerships in Europe, North America and China. According to Mathieu, because of reactive motives "Europe facing economics difficulties due to the global economic crisis and weak global growth", Monbana decided to focus on emerging Asian market and more specifically on the ASEAN region. Because of here pro-active motives "this new partnership will allow us to gain rapidly market share in this emerging market", they decided to focus on the ASEAN region. Singapore reveals to be the first step of Monbana in South East Asia.

Questions 2: “Why did you choose Singapore? What was your motivation?”

According to Mathieu, two aspects were taken into account here, the general aspect of the country, and the attractive F&B market in Singapore.

He explained how vibrant and attractive the city is. Singapore is located at the heart of Asia, in the center of business opportunities so it makes it the ideal site for doing business in the ASEAN region. Here the **strategic location** has been highlighted. Moreover it is a very mature market with high competitiveness so the **economic aspect** is favorable and the **government** too, indeed question 3, he told that the “politics and laws interfere only a good way in Singapore, by ensuring an attractive business and sustainable economic environment”. Moreover, the **cultural aspect** is also a benefit, especially regarding the language; Mathieu emphasized the fact that every single Singaporean speaks good English, which is very appreciable when you do business. And finally, the **tax system** and the government had some benefits through various free Trade Agreements which allows trading partners to save cost with tariff elimination and tax free as well as streamlined customs procedures. Here we are talking about *pro-active motives*, key factors which we can find in the section 2, “country profile.”

7.2 PRE-Internationalization of Monbana

7.2.1 Preparation & Research

Before deciding to enter the Singaporean market, it is obvious that Monbana needs to prepare itself and analyze the market to see if there is a possible opportunity for this sector of activity. Then after having analyzed the cultural aspect of Singaporeans, the F&B market in Singapore, and the chocolate market in Singapore, the company noticed that the market is highly competitive, innovative and that there is a consumer demands which is growing to healthy and fine products (*reactive motives*). Mathieu explained question 2 that on the long-term they believe that the F&B industry will continue to grow by a higher domestic demand and economic growth. Monbana has got a strong innovative image and this kind of market fitted with the company’s products and positioning in food service sector and retail so internationalizing Monbana’s product in Singapore would in many ways, add value to the company.

7.2.2 Uncontrollable Factors

Question 3: “Did you experience some barriers/risks for your entry in Singapore?”

As I explained previously in my Theoretical framework, planning the internationalization is relevant and vital for the success of the SME. However, marketing is filled with hypothesis called “uncontrollable factors” that cannot be controlled. Monbana did not perceive major risks by entering the market, the cultural difference is known, by being a multicultural country, the local distributor needs to adapt to these cultures. The major risks were the **commercial, exchange rate fluctuation** and the **labor regulation**. It was essential to study the F&B market before launching the product over there, (adaptation to the culture), regarding the exchange rate fluctuation, it can be damageable for the local distributor hence they need to anticipate and offer a constant price to their consumers. Finally, the labor regulation, Singapore has restricted the criteria to hire foreign labors which jeopardized the development of small companies.

7.3 Market Entry Strategies

This part is based on the interview of Jean-Philippe Brisaer and answer to question 1 to 3. (Appendix 3) It defines “how” Monbana will enter the Singaporean market. The appealing entry mode is “export”, as mentioned in the theoretical framework, exporting is the most popular, easiest and quickest way for SMEs to become international. Even the Uppsala Model recommends export as the start of internationalization before moving ahead to other entry mode.

Question 3: “Why did you choose the “distributor” instead of different other internationalization entry?” Monbana decided to choose a direct export mode with a distributor, according to Jean Philippe Brisaer, Monbana “used to deal and work only with importers and distributors”, and moreover it is the easiest way to internationalize a product. This entry mode needs less commitment compared to other types of entry mode, less organizational resources; it offers a superior elasticity of managerial actions and there exists less risks. The distributor takes care of selling and promoting the product, it handles the stock and carrying receivables and whatever credit losses may happen (in B2B). (Richard R. Gesterland & George F. Seyk, 2002, p.56). Consequently, Monbana opted for the export mode.

Question 1: “Why did you choose Rochembeaux? How did you meet? “

In 2010, Jean Philippe Brisaer went at an exhibition in Shanghai called “Hotelex” (The Shanghai International Hospitality Equipment & Supply Expo) and met Rochembeaux. This company seemed according to the director export “to be a reliable one”. In 2010, the choice of the target country was unclear, but thanks to this exhibition, the choice of Singapore was certified. The communication between both companies was easier because Rochembeaux was owned by French people, so one year after, Monbana and Rochembeaux started to collaborate together.

7.4 Designing the Global Marketing Program

This part is based on the interview of Mathieu Chailloux and answers to question 4 to 8. (Appendix 2).

7.4.1 Competitor’s Analysis

Question 4: “Did you do a research on the competitors present on the Singaporean market?

In every sector, especially the food sector, when the European SME will enter the Singaporean market, it will meet other participants so it is relevant to analyze them. Monbana analyzed the competition before enter the market, the goal was to find a position, a strategy where Monbana can defend itself the best and is able to add value. As Mathieu explained question 17, all the mass market chocolate brands are present on the Singaporean market (Ferrero Rocher, Lindt etc.), Monbana cannot compete with them, however, Monbana discovered several competitors who sell similar product as Monbana like Godiva, Valrhona, Royce etc. Learning and analyzing the competitors can help Monbana to understand the consumer’s demand better. An analysis which was more complex was executed in the part “case study”. Monbana decided that the most important key factor of success is the “French touch”, indeed French have a good notoriety regarding good chocolate quality. Moreover, the innovative, young and diversify line of products will play in their favor.

7.4.2 Defining your “customer profile”

Question 5: “What was your “target audience” (B2B, B2C) if B2C what kind of age, income, race etc. “

Once Monbana decided to internationalize the chocolate in Singapore, the next step is to define the customer profile.

B2B or B2C: At the beginning, Monbana wanted to focus on the B2B sector. The objective was to develop Monbana's products in the local market by focusing on the food service sector (called the HoReCa sector).

Customer demographic: For the B2B sector, the target was 5 stars hotels in Singapore and F&B outlets. However, the target audience can always be modified, for example Monbana decided to collaborate with Rochembeaux, the first goal was to develop Monbana within the food service sector. Rochembeaux had the opportunity to display Monbana's products at Takashimaya department store, the local consumer appreciated this new brand, so Monbana and Rochembeaux decided to target also the B2C sector. And here, for the B2C, the key factor was to target shopping mall was Takashimaya, the most luxury shopping mall in Singapore, and the consumer target was "women between 35-45 years old and with high purchasing power.

7.4.3 Product Decision

Question 6: "Product: What was your product strategy? Did you choose the standardization way – adaptation way?"

When Monbana definitely chose Singapore as the target market, the next step was to decide which products they wanted to export. Four different issues were taken into account in this process, the product acceptability in the Singaporean market, the brand name decisions, the packaging and the legal issues.

As explained by Mathieu, there is always a risk when you penetrate a new market, "which product is going to be the best sellers? Do the local's consumers fancy Dark or Milk Chocolate? How wise it is to propose hot chocolate in a country with an annual average temperature of 33°?" The product decision was decided with the distributor. The objective is to minimize the risk. That's why a study of the consumer market is essential to know what kind of products will be acceptable in this market. Monbana decided to standardize the products, and to send it "as is" on the Singaporean market. From a business point, there are many reasons to begin with this approach, first to minimize costs, and then to make economies of scale. After getting the insight from the market, Monbana and its distributor will adapt the range of product to the consumer's demands. However, Singapore is a multi

ethnic state with different nationalities. Monbana needed to adapt its product to suit the Singaporean market. (“Tresor” chocolate powder, Halal, hence good for Muslim people)

For the brand, Monbana decided to internationalize the product under the brand “Monbana” to keep the French touch, the name is distinctive and easy to remember. The packaging is also an important consideration, some modification needed to be done during the transportation (because of the high percent of humidity in Singapore), the ingredients needed to be in English and French (to keep the “French touch”). The packaging was standard at the beginning, during the internationalization; the distributor could have the opportunity to change by itself the packaging. For example Rochembeaux decided to create “hampers” for each event such as Valentine’s Day, Chinese New Year, Easter etc., (the idea is to re-use different Monbana product’s in one basket and to add originality).

And finally for the legal issues, some regulations needed to be applied regarding the product. As I explained in the Theoretical framework, the government regulation of Singapore requires food products to meet certain standards. Singapore allows free import of food supplies but it requires some norms and hygiene rules to respect. Monbana had to get the AVA import food contract, but as Mathieu said question 7 (“Was the registration with AVA difficult? The import permit was easy to get or not?”), that the AVA license was not difficult to obtain thanks to the efficient administration in Singapore. After few days it is done and the product can be export.

7.4.4 Pricing Decision

Question 8: “Price: What was your strategy? Penetration strategy? Market Pricing? Skimming? Standardization or Differentiation?”

Determine the price is one of the most critical, complex and difficult decisions in international marketing. In the case of Monbana, the strategy and pricing was decided by the local distributor: Rochembeaux. In order to guaranty a coherent worldwide positioning in terms of image and pricing, Monbana and Rochembeaux talked about the strategy to follow. But the price change will be decided by the distributor, the change of currency, the addition of the GST, all these aspects where taken care by Rochembeaux itself.

Monbana and Rochembeaux decided to penetrate the market with affordable price in retail to stimulate the market and grab market share by deliberately offering chocolates products at low prices. Monbana wanted to position itself as a premium chocolate brand and not as a luxury brand.

However, the price in food service and in retail is not the same. In food services, Monbana positions itself as a premium brand and some products will be more expensive than in retail for example the “Trésor” chocolate powder, famous and asked especially in the B2B sector.

7.5 Feedback

This part is based on the interview of Jean-Philippe Brisaer and answers to question 4 to 8. (Appendix 3)

Unfortunately now in 2013, the collaboration between Rochembeaux and Monbana stopped. Question 4:” How did you find the collaboration with Rochembeaux?” According to Jean-Philippe Brisaer, the first year was very constructive; the business grew in food service as well as in retail. But, (Question 5: “Why the collaboration with Rochembeaux stop?”) the second year, in 2012, Rochembeaux took poor strategic decisions, they spent a lot of money on corners in shopping malls. By focusing on the B2C sector, the profits of those sales points have never covered the cost of renting the corner. Rochembeaux was in debt and could not cover this debt. After one year the collaboration just stopped between both companies.

Now in 2013, Monbana has got a new distributor for Malaysia, Indonesia, Philippines and Myanmar called “Europ-Continents” focusing on the food service sector (B2B). According to the answer of question 6 “What did you learn in terms of product decision after the collaboration with Rochembeaux?” Jean-Philippe explained that thanks to the collaboration with Rochembeaux, Monbana learned a lot in terms of product selection.

Jean-Philippe notices that consumers in Singapore are “dark bitter chocolate oriented” and that the label “Made in France” is a proof of high quality. It enabled Monbana to do a shorter list in order to avoid the overstock.

This new distributor covers a large part of ASEAN region. In terms of regional development this is interesting. Jean-Philippe explained that as a part of a group, they communicate on a

day-to-day basis and exchange information about their market and fast movers product so at the end of the day, every country benefits from the experience of the others.

The future plan for Monbana in Singapore is to consolidate and increase the business with Europ-Continents and open new key accounts mainly in the HoReCa market (5* hotels, resorts, coffee, restaurants, caterers etc.)

7.6 Development of Monbana in Singapore

This part is based on the interview of Mathieu Chailloux and answers to question 9 to 12. (Appendix 2)

It is interesting to have an overview of the development of Monbana in Singapore after the realization of the internationalization process. Mathieu is working for Monbana in Singapore; he is a good actor of the company and can explain about the development of Monbana in Singapore.

7.6.1 PRODUCT STRATEGY

Question 9: “What is your strategy to make the product known by the customer/consumer?”
When Monbana’s product is finally on the Singaporean market, the marketer needs to find a solution to make it known within the B2B sector.

The strategy of Monbana is to supply 5 stars hotels as Shangri-La Hotel, Pan Pacific, Fairmont Hotels, and any restaurants and cafés. Moreover, Monbana and Singapore Airlines have got a strong partnership together.

Aside, Monbana developed also a retail strategy, to make the product known by the public consumer, the objective is to sell Monbana’s product in delicatessen shop or retail store (which distributes premium quality product and posses a high image). Mathieu explained that recently a partnership with the Four Season Gourmet Market and with the Pan pacific Hotel has been created. Monbana’s products are displayed in the boutique of the hotel.

Monbana was also contacted by Takashimaya Shopping Mall to participate at fair during two weeks.

7.6.2 COMMUNICATION STRATEGY

Regarding the communication strategy of Monbana in Singapore, (question 10 see appendix 2) Mathieu explained that he had to inform the database clients that a change occurred in the distribution of Monbana. (by sending email, face to face meeting, phoning etc.) A new Facebook page, local blogs and website dedicated to chocolate lovers has been created to keep the fans up-to-date. Mathieu also confided that Monbana has the plans to create an E-Commerce website to sell Monbana's product online.

7.6.3 COMPETITORS STRATEGY

Question 11: "How did you deal with the Monbana's competitors? How did try you differentiate from them?"

In the interview Mathieu explained how Monbana deals with their competitors on the Singaporean market. He clarified the fact that big chocolate brands like Lindt and Ferrero Rocher are present but they do not compete with them. The main competitor for the chocolate squares is Valrhona, but still, Valrhona is more focused on cooking chocolate whereas Monbana focuses on the chocolate powder and the company is known on the market as the best cocoa powder. Monbana differentiates from these brands by having a high end cocoa powder with 33% min of cocoa content and large range of product from hot to ice chocolate. The line of chocolate powder is diversified and Monbana is able to launch a new product every three months like the Milkshake range. Singapore is a competitive market; all the F&B managers are looking for innovative products so the innovation aspect is primordial.

After some research that I executed in Singapore to analyze Monbana's competitors, I conclude that Monbana has got four main competitors in Singapore. I will now do an analysis of these competitors with their strength and weaknesses:

-At first **CADBURY**. Cadbury, recognized as the world 2nd largest British company, has been around in the UK since 1824 and had established itself as the world's largest chocolate confectionary company since the merger with Kraft food in 2010 (English Tea Store, N.d). With such a well established company name globally, many customers will easily know this brand. Singaporeans like a lot this brand, which is also a top UK brand or premium chocolates from specialty shops. Monbana insists that they are neither a specialty chocolate

brand nor a household brand of chocolate like Hershey or Cadbury where their chocolates can be found everywhere.

Strength of Cadbury:

Cadbury's products are affordable and highly accessible. They are mainly shelved in local supermarkets and stores. Mainly sold in supermarkets, consumers expect that they can buy Cadbury products at a reasonable price.

Weakness of Cadbury: (according to a study made in Singapore)

-Cadbury rarely has gift chocolates:

Cadbury chocolates are targeted at the household people who consume Cadbury chocolates in their daily life. Despite their well established brand, they do not produce classy chocolates gifts. They will tend to lose customers who buy chocolates for corporate events or as a gift.

-**GODIVA** is one of the most popular and sophisticated chocolatier in Singapore. Created in 1926 in Brussels, Godiva became regarding the official website of Godiva, "the Chocolatier of choice in Belgium and the talk of the chocolate world". (Godiva, N.d)

It displays an image of being a top premium chocolatier around Asia before entering the Singapore market. Until today, many people will relate premium chocolates to Godiva, believing the high price is reasonable due to the good quality of chocolates. By comparing Monbana with Godiva, we can further understand how Godiva, which sells similar products at higher price, could still manage to capture certain market shares. Godiva can be a threat, I explain previously that the quality of chocolate is important for Singaporeans, and in their mind they consider Belgium chocolate as better chocolate than French chocolate.

Strength of Godiva:

-Popular as luxury chocolates: Godiva first started in Belgium, where originated the long tradition of good hand crafted chocolates, which positioned itself in a good start.(Godiva, N.d) Most Singaporeans think that high price means high quality. Hence, when the chocolates are sold at a premium price they will perceive these chocolates as luxurious chocolates.

-Distinctive packaging & Good quality chocolates assuring consumers that their products used the finest ingredients.

Weakness of Godiva: (according to a study made in Singapore)

-High price:

Godiva chocolates are expensive, thus they are perceived as premium chocolates. That also explains why Godiva can only capture a small market share. Not everyone can afford to buy expensive chocolates on a regular basis. Godiva's high price draws the upper class income group to be Godiva's targeted market segment. People of the middle income group may be able to afford Godiva, but they will not be able to buy as often as they buy Cadbury.

-VALRHONA created in 1922 in the Rhone Valley region of France is specialized in premium chocolate. (Valrhona, N.d)

Monbana and Valrhona have got the same target customer and both are competing for the chocolate squares. Valrhona is more focus on the chocolate sector whereas Monbana is focus especially on the chocolate powder.

Strength of Valrhona:

-Strong image of chocolates: Valrhona positioned itself as good quality of chocolate. Hence chocolate are sold at a premium price. Singaporeans have got a good image of this brand, and time as proven that Valrhona chocolates are good quality.

-Diversified line of products, like Monbana

Weakness of Valrhona: (according to a study made in Singapore)

-The line of product of Monbana and Valrhona are similar (both chocolate square, chocolate powder, praline etc.) but Valrhona's price are more expensive than Monbana's price.

-ROYCE is a Japanese brand founded in Sapporo in 1983 (Royce, N.d). It is an expanding chocolate brand that most Singaporean people know and a brand Monbana is often compared with. The product line that Monbana and Royce carry is quite similar; hence it is a good comparison target. The goal of Monbana is to know what captures Royce lovers and what Monbana can do to capture consumers as well.

Strengths of Royce:

-Good quality chocolates, affordable price.

Despite being premium chocolates, Royce' chocolates are still affordable to the middle income group and this results in Royce sitting on a bigger market share as their targeted market segment is wider.

-Established branding:

Time has proven that Royce chocolates are made of good quality. On top Japanese reputation brings up trustworthiness, credibility of good quality products and ethics in their production.

Weakness of Royce: (according to a study made in Singapore)

-Royce does not provide pralines which are popular gifts. Although Royce provides good quality chocolates, priced at affordable prices, their products line is slightly different from European brands such as Godiva or Monbana.

-Royce does not have diversified products line compared to Monbana.

There are other competitors as Laurent Bernard, Awfully chocolate etc, but these four are the main competitors for Monbana.

Figure 10: Monbana Brand positioning



7.6.4 MAIN DIFFICULTIES ON THE SINGAPOREAN MARKET

Being on a new and unknown market can create some difficulties, from what Mathieu said during the interview, the main difficulties in the market are dual:

1. The Singaporean market is highly competitive so Monbana has to play the innovative card to increase its market share. In retail, Monbana has to work hard to penetrate the market. But the Singaporean people consume less chocolate than in Europe and buy this product especially during specific periods (Christmas, Valentine’s Day etc.) Moreover, they are not used to drink hot chocolate so here; the purpose of Monbana is to educate the consumer.

2. The other difficulty is that the Singaporean market is small compared to China. But that does not mean that the volume is low. Indeed, if the company manages to work with 80% of the hotels (example of Mathieu), the volume and turnover generated can be high.

After these answers, the analysis of the chocolate market in Singapore and the study of the competitors, I made a SWOT Analysis of Monbana chocolate in Singapore:

STRENGTH	WEAKNESSES
-Singaporeans have vested knowledge for chocolate culture in Singapore.	-Singaporeans experience bad digestion with milk. Moreover they think that it’s too fattening.
-French products considered high quality.	-Singaporeans do not know hot chocolate: want to mix the chocolate powder with water.
-Monbana has got affordable prices and a line of products impressive.	-When asked about good chocolate, Singaporeans immediately think about Swiss or Belgian chocolate.
-Demand of chocolate increase during festive seasons.	-Consumers do not know this brand, Monbana known especially in B2B.
- Singaporeans are willing to pay a premium price for gourmet chocolate.	-Import process: must comply prevailing requirements laid down under the sale of food act and food regulations including the labeling requirements and notify AVA (Agri-Food & Veterinary Authority of Singapore).
-Singaporeans are becoming more aware of dark chocolate health benefits.	
-A high % of cocoa content in all Monbana chocolate powders. Monbana has developed range of Bio-Fair Trade products.	
-Monbana has developed a chocolate powder for diabetics called “Pure Cocoa”	
OPPORTUNITIES	THREATS
-The country aspect: government laws, economy, cultural aspect etc.	-Compete with other established brands for instance (Godiva, Royce, Valrhona etc.)

-No import duties imposed on any type of chocolate.

-Chocolates are viewed as an exclusive gift, whether it is a corporate gift, a birthday, festive seasons or special occasion treat.

-The demand for gourmet chocolate/chocolate market is rising every year.

-The climate (hot chocolate is the key product of Monbana, but it is more difficult to sell this product in a country where the temperature is more than 30°C)

-Chocolate is a sweet snack which can easily be replaced with other food items such as sweets or cakes etc.

After this SWOT analysis, a confrontation matrix has been realized with the key strengths, opportunities, threats and weaknesses.

CONFRONTATION MATRIX			EXTERNAL					
			OPPORTUNITIES				THREATS	
			Country aspect: government laws etc.	No import duties imposed on chocolate	Demand for chocolate gourmet is rising	Chocolate views as a gift	High Competition (Valrhona etc.)	Chocolate can be replaced by sweets or cakes
INTERNAL	STRENGTHS	Affordable price and line of product impressive			Important issue	Important issue	Very important issue	Important issue
		Demand of chocolate increase during festive seasons			Very important issue	Very important issue		
		Singaporeans willing to pay a premium price for gourmet chocolate			Very important issue			
		Singaporeans more aware of dark chocolate health benefits			Very important issue			
	WEAKNESSES	Singaporeans associate premium chocolate with Swiss or Belgian chocolate					Important issue	
		Monbana known in B2B not B2C			Important issue			
		Import process: requirements with AVA	Important issue	Important issue				

Figure 11: Confrontation Matrix, created by the author.

In this part I will analyze the confrontation matrix and give some recommendations about how Monbana can deal with their strengths, weaknesses, opportunities and threats displayed above.

We know that the demand of chocolate gourmet in Singapore is rising and that chocolates are viewed as a gift, the demand of chocolate increases during festive seasons so Monbana can take advantage of this situation to create specific products during these periods. Singaporeans are willing to pay a premium price for gourmet and fine chocolate, we recognize that the demand of chocolate gourmet is rising consequently Monbana can increase the price of its praline compared to France. Then, an important aspect in the Singaporean consumer behavior is that they are more aware of dark chocolate health benefits, the demand of chocolate is rising hence Monbana can emphasize on the sale of dark chocolate. The threats of Monbana is the competitors, but here, thanks to its affordable price and its impressive line of products, Monbana can positioned itself as a good chocolate brand.

This case study helped the future researcher to understand how a small French company succeeded to internationalize a food product in Singapore. The different step of the internationalization process are developed and explained. In the interview of Jean-Philippe Brisaer, question 8: “Have you got some advice for European SME’s who want to internationalize a food product in Singapore?”, Jean-Philippe confided that for the entry strategy he cannot give a formal advice, this decision depends of the firm, but he considers that the export mode is the easiest way to enter a new and unknown market. The only advice that he recommends is to choose carefully the other party, and that the domestic company needs to do a lot of research and preparation before entering the market to know everything about the culture, the food market in Singapore and also about the possible issues called “uncontrollable factors”.

CONCLUSION

The process of internationalization nowadays is related to many SMEs. We learned in this thesis that there are proactive/reactive motives and internal/external triggers which start the internationalization process of a company. It is necessary for the SME to carefully plan the entry process to Singapore. The structure of the theoretical framework was based on the book "Global marketing" of Svend Hollensen and on the book "Marketing Across culture in Asia" of Richard R. Gesterland & George F. Seyk. They helped me to understand the process of internationalization and the preparation and research for it.

In the introduction part of the thesis I formulated three main research questions which were successfully answered and I consider the received information as valuable and reliable. I will also give a critical overview of the study and a further research suggestion.

Research question 1: *"Which key factors should be taken into account when you launch a food product in Singapore? What are the key factors for a successful internationalization?"*

To determine whether and how to enter the Singaporean market, the marketer needs to conduct a **"cross cultural"** analysis. (Leon G. Schiffman, Leslie Lazar Kanuk, 2007, p.369) It is necessary to research the cultural, social and characteristics of Singaporeans. A part of this research should cover the **cultural behavior**, the **business protocols** and the etiquettes of consumers and business men. Singapore is culturally and socially unique with different beliefs, values, language, and business behavior. It is important that the marketer gathers data about the Singaporean **consumer behavior** regarding food. Information which needs to be gathering is about their eating habits, where they buy their food and what his selection criteria.

Then, when the European SME decides to internationalize in Singapore, the **country description** is a factor which should be taken into account. The economical aspect, the government, the cultural aspect, the telecommunication, the taxes etc are important factors in the analysis as well as the **"uncontrollable factors"**.

The analysis of the Singaporeans **competitors** is also a key factor in the internationalization process. Firstly, the company has to find a position from where the company can defend itself. Secondly, the company has to find a way where it can add value to the market.

The **product** step is important in determining the internationalization success. The SME needs to decide if it will sell it 'as is', this is called standardization. The company can also adapt their products to the Singaporean market. This is called product adaptation. The company can take their brand name, packaging and legal issues into account when it adapts the product. The product decision is an important step in the importation process, and not adapting the product to the Singaporean market can lead to costly mistakes.

The **price decision** is the only element in the marketing mix that generates revenue and fixing a price may have severe consequences when mistakes are made. (Paul T.M. Ingenbleek and Ivo A. van der Lans, 2009) Pricing methods vary domestically and internationally. (Kristopher Blanchard, North Central University, N.d) On the international market, it is more complex because there are many uncontrollable factors impact on prices. Determining a global price is one of the most critical, complex and difficult decisions in international marketing.

All the research and decisions leads to the choice of the **market entry mode**. The SME needs to base its choice on the following key points: The market commitment should be taken into account when the company enters a foreign market. Risks and benefits of the entry mode should be balanced carefully. The consequences on the company future should calculate into this process as well. Lastly, Richard R. Gesterland & George F. Seyk, 2002 stated on p.73 "Be wise and patient, the company should be selective, take its time and scrutinize options carefully to make the good decision" The SME raises the success rate considerably when it takes the above stated key factors into account.

The easiest way would be the export mode for companies with no experience of the internationalization process in Singapore or Asia. Every market entry has got its merits and drawbacks, but the last decision is based on the final choice of the company.

Research question 2: *"What are the main steps to internationalize a product in Singapore?"*

The internationalization is a "process of adapting firm's operations (strategy, structure, resources etc.) to international environments". (Johanson and Mattson, 1993) An internationalization process will be revealed to provide guidance to a future European SME who would like to internationalize its food product in Singapore.

1. The stage before the concrete internationalization is called **Initiation of internationalization**. The company decides, due to reactive/ pro-active motives, and internal/external triggers to internationalize their business.

2. **“Pre-internationalization”**: The goal for the SME in this stage is to understand the chosen market. It does this by researching the market. “How well we prepare directly influences success”. (Richard R. Gesterland & George F. Seyk, 2002, p.37) This is there for a very important stage. The key factors which need be taken into account in this stage are described in the answer on research question 1.

3. The next stage is the **“Market Entry Strategy”**. The Uppsala Model refers to four steps: 1. No regular export activities, 2. Export via independent representatives, 3. Establishment of a foreign sales subsidiary, 4. Foreign production, manufacturing units. (Svend Hollensen, 2007, p.63) Some entry modes involve higher investment and risks to the foreign market whereas other entry modes involve less risk. (Satu Salmela, 2012) The SME needs to choose between possible entries modes. There is the exportation mode which can be direct or indirect. An SME can also a foreign sales subsidiary by a joint venture or a strategic alliance. The last possibility is that the SME outsources his production and manufacturing process to a company in Singapore.

4. The final step, if the company decides to continue the process, is to **“Design the Global Marketing Program”**. The company needs to analyze the competitors, and to choose its target group. The SME can describe this using customer demographics, consumer behavior descriptions and it has to choose if it serves B2C, B2B or a combination of both.

Then the next step is to define a product strategy: standardization or adaptation? Also the price strategy has to be defined. Three main strategies can be used; skimming, penetration pricing or pricing across countries (standardization or differentiation.)

These are the four main steps for SME if it wants to internationalize their products in Singapore. A note has to be placed, as I explained in my part “Methodology”, we cannot generalize this process for every European SME.

Research question 3: *“How did Monbana succeed to develop itself in Singapore? (Case Study MONBANA chocolate).”*

In 2010, Monbana decided to focus on the emerging Asian market, more specifically on the ASEAN region. Singapore was the first step of Monbana in South East Asia.

They took two aspects into account; the general aspect of the country and the attractiveness of the F&B market in Singapore. Monbana noticed in the pre-internationalization stage that it was about to enter a highly competitive and innovative market. They also noticed that the consumer demand was growing towards healthier and fine products. Monbana has got a strong innovative image, affordable price, an impressive line of chocolate products. Monbana concluded in this stage that their product would add value in many ways to the Singaporean market. They already decided their entry mode. This was going to be 'exportation' because they are only familiar with this entry mode in other countries.

Monbana met Rochembeaux, a French distributor located in Singapore in an exhibition. In 2011 their collaboration started and the product and price was decided together. Monbana wanted to focus on the B2B sector. However, Rochembeaux had the opportunity to display Monbana's products at Takashimaya department store. The local consumer appreciated this new brand, so Monbana and Rochembeaux decided to target also the B2C sector. Thanks to the collaboration with Rochembeaux, a new target customer was created and Monbana decided to target also the retail sector (B2C)

The collaboration between Rochembeaux and Monbana was stopped in 2013. Monbana found a new distributor for Malaysia, Indonesia, the Philippines and Myanmar called "Europ-Continents" focusing on the food service sector. Monbana learned a lot in terms of product selection. They used this to avoid overstocking.

The future plan for Monbana in Singapore is to consolidate and increase the business with Europ-Continents and open new key accounts mainly in the HoReCa market (5* hotels, resorts, coffee, restaurants, caterers etc.

As pointed out earlier in my "Validity Reliability" part, the limitation of this thesis is that you cannot generalize the internationalization process presented in this report. For each firm, the process will be different. Even so, this thesis revealed to provide guidance to a future European SME who would like to internationalize its food product in Singapore. In other words, thanks to this research, it will guide the SME's research and help it to determine what aspect it needs to measure and to take into account during the internationalization process. This research could be further expanded by looking how the European SME can manage their international operation from their domestic country.

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APPENDIX 1: Food Import Regulations & Standards Database

France, 2010, *SPRING Singapore*

DOCUMENT REFERENCE

Code :FRA1000
Date :31/05/10
Page :1/9

This table summarises the general requirements and standards for food and agricultural imports into France.

Certification/ Requirements	Remarks
Food laws	<ul style="list-style-type: none"> French label and product ingredient regulations are among the strictest in the European Union Current regulations require traceability of all produce from the producer to the consumer; thus, each handler must be able to supply information about its supplier or buyer French legislature and related topics are available at http://www.legifrance.gouv.fr/
Regulatory Authorities	<ul style="list-style-type: none"> The General Direction for Food of the French Ministry of Agriculture (DGAL/MINAG - http://www.agriculture.gouv.fr/) <ul style="list-style-type: none"> Participates in the preparation of food laws and the definition of norms The Crop Protection Service (SPV) administers sanitary and phytosanitary policy at points of entry The General Direction for Competition, Consumption and Frauds (DGCCRF - http://www.dgccrf.bercy.gouv.fr/) <ul style="list-style-type: none"> French regulatory agency responsible for the safety of all foods DGCCRF's activities are directed against impure, unsafe, and fraudulently labeled foods. Enforces French laws in manufacturing and marketing and also at the import level The Association Française de Normalisation (AFNOR - http://www.afnor.fr/) <ul style="list-style-type: none"> French authority in charge of coordinating work and research relating to establishing standards in France French branch of the European Standardization System (CEN) and a member of the International Organization for Standardization (ISO)
Phytosanitary Certificate	<ul style="list-style-type: none"> Required to accompany plant, fruit, vegetables and nut shipments to the EU Sanitary and phytosanitary policy administered by SPV of DGAL/MINAG
Sanitary Health Certificate	<ul style="list-style-type: none"> Required for animal products containing materials from bovine, ovine and caprine origins for human consumption, animal feed (including mixed animal feed/petfood and pre-mixes containing such products) or to be used as fertilizers A declaration signed by the competent authority of the producing country is also required. All certificates must be in French. To obtain certificates in French, please contact: Bureau Importation Pays Tiers Mission de Coordination Sanitaire Internationale

Certification/ Requirements	Remarks
	<p>Direction Generale de l'Alimentation French Ministry of Agriculture E-mail: import.mcsi.dgal@agriculture.gouv.fr</p>
Veterinary stamp	<ul style="list-style-type: none"> Mandatory for products of animal origin (meat, pork, milk, eggs, fish and seafood)
Import certificates	<ul style="list-style-type: none"> Required for: <ul style="list-style-type: none"> garlic, bananas, canned mushrooms and canned mandarins above 30 hectoliters of alcoholic beverages, wine and beer (Obtained from the wine department of France Agrimer: http://www.onivins.fr/)
Import documentation	<ul style="list-style-type: none"> Import and export transactions exceeding 12,500 Euros in value must be conducted through an approved banking intermediary. Goods must be imported no later than six months after all financial and customs arrangements have been completed. Commercial invoice Bill of lading or air waybill Certificate of origin
Not Accepted for Import into France	<ul style="list-style-type: none"> Individual portions of beef under 3 kilograms Any product made with flour enriched with vitamins is prohibited, with the exception of approved health/diet food products Exotic meat (alligator) Fresh potatoes from third countries - due to concerns about transmission of certain diseases
Labelling	<ul style="list-style-type: none"> Regulated by EU Directive 2000/13/EC More information available at http://ec.europa.eu/food/food/labellingnutrition/foodlabelling/index_en.htm
Language	<ul style="list-style-type: none"> French Multilingual labels are acceptable
General Requirements	<ul style="list-style-type: none"> The product name and description of the product Net quantity (in metric units. A small "e" may be used to indicate that the actual content corresponds to the quantity indicated) Date of minimum shelf life (DLC) for perishable products or the date of optimal usage (DLUO) for non-perishable products Name and address or EU identification number of the importer (must be in the same area of the label) The name and address of the manufacturer, packer or vendor within the EU

DOCUMENT REFERENCE

Code :FRA1000

Date :31/05/10

Page :3/9

Certification/ Requirements	Remarks
	<ul style="list-style-type: none"> Ingredients, including herbs and spices, listed in descending order of their quantity in the product at the time of manufacturing or processing The country of origin (indicated in letters not less than 4 mm in height on all product cases (packing labels, etc.) Alcoholic content (for beverages with 1.2% alcohol, by volume) For prepackaged food products: the manufacturer's lot number must be listed on the packaging or on the commercial documents accompanying the product and should be preceded by the letter "L." For frozen foods: maximum storage temperature should be specified for. If appropriate, the word "SURGELE" (quick frozen) should be in a highly visible place in capital letters on the label. Instruction for use (or advice on preparation of a food product) is mandatory only when necessary, and should be clearly indicated and visible on the label to allow the appropriate use of the product
Date Marking	<ul style="list-style-type: none"> For non-perishable products, the date of optimal usage (DLUO): "A consommateur de préférence avant fin (Best consumed before) (day, month, year). For perishable products, the Date of minimum shelf life (DLC): "A consommateur avant (to be consumed before) (day, month, year)" For extremely perishable products, the DLC must: "A consommateur jusqu'au), (to be consumed until) (day, month, year)" or "A consommateur jusqu'à la date figurant (to be consumed no later than) (day, month, year)" Exemptions: fresh fruits and vegetables, wines and spirits, alcoholic beverages with an alcoholic content equal to or greater than 10.5 percent by volume, vinegars, sugar, confectionery items, and live shellfish intended for raw consumption
Ingredients List	<ul style="list-style-type: none"> The list of ingredients should be preceded by the word, "Ingredients." Certain substances, such as herbs, spices and aromatics, should be listed on the ingredients list When ingredients are included in the name of the product, their weight, as a percentage of total net product, must be included in the ingredients list Additives and preservatives must be included on the label of all food products, either by specific group name or by "E" Number. Flavorings are considered additives and should be noted as "arôme de" followed by the name of the flavor.

Certification/ Requirements	Remarks
Allergen Labelling	<ul style="list-style-type: none"> Directives 2003/89 of 11/10/03 and 2006/142/EC of 12/22/06 require operators to include certain allergens used in the product's manufacturing process on the label's list of ingredients. Groups of potential allergenic ingredients which must be indicated on food labels: cereals containing gluten, crustaceans, eggs, fish, peanuts, soybeans, milk and dairy products (including lactose), nuts and nut products, sesame seeds, lupin and products thereof, mollusks and products thereof and sulphite at concentrations of at least 10 mg per kg or 10 mg/l, celery, and mustard. Allergen labeling also applies to alcoholic beverages. More information available at http://ec.europa.eu/food/food/labellingnutrition/foodlabelling/guidelines_6_10.pdf. Commission Directive 2007/68/EC (amended by Commission Regulation 415/2009) establishes a list of ingredients and substances which are permanently exempted from the mandatory allergen labeling requirement.
Beef Labeling	<ul style="list-style-type: none"> France follows the EU requirement that all beef meat sold in France must be labeled with the country(ies) where the animal was born, raised, and slaughtered.
Nutrition Labelling	<ul style="list-style-type: none"> Governed by Council Directive 90/496/EEC, as amended by Commission Directives 2003/120/EC and 2008/100/EC. Compulsory only when a nutrition claim is made in the labelling, presentation or advertising of a foodstuff The energy value and the proportion of nutrients (protein, carbohydrate, fat, fiber, sodium, vitamins and minerals present in significant amounts) must be declared in specific units per 100 grams or per 100 milliliters. Information on vitamins and minerals must be expressed as a percentage of the recommended daily allowance (RDA)
Nutrition & Health Claims	<ul style="list-style-type: none"> New products on the EU market must respect the conditions for using nutrition claims set out in detail in the Annex of Regulation 1924/2006 Food products carrying claims must comply with the provisions of nutritional labeling directive 90/496/EC
Special Terms	<ul style="list-style-type: none"> The use of the word "natural" may depend upon its location on the label and the product. Using traditional French cuisine terms, such as "beef bourguignon" is prohibited. Generic terms such as beer, yogurt, and candy can be used only if the product is certified as produced in accordance with specific processing procedures.

DOCUMENT REFERENCE

Code :FRA1000

Date :31/05/10

Page :5/9

Certification/ Requirements	Remarks
	<ul style="list-style-type: none"> The use of foreign names is forbidden in place of existing equivalent French terms. However, the following names are allowed: chorizo, couscous, gin, merguez, paella, salami, vodka, aquavit, gorgonzola and whiskey. The word, "butter" or "cream" may not be used on the label of certain foodstuffs, unless the only fat used is butter fat. Concentrated butter may be used instead of butter and the word "butter" may be used on the label provided the fatty acid composition of the concentrated butter has not been altered by any treatment, in particular by hydrogenation. Hydrogenated butter is considered to be a food fat and not butter. If concentrated butter is used in the product, one may not use the words "pure", "fine", "extra", "fresh", etc., in combination with the word "butter". In certain foodstuffs, the word "milk" or "milk products" may only be used if certain minimum quantities of milk solids are present in the product.
Genetically Modified Organisms (GMO) in Food & Feed	<ul style="list-style-type: none"> Regulated by the EU Novel Food/Novel Feed Regulation (1829/2003) and the EU Traceability and Labeling Regulation (1830/2003) Enforced by DGCCRF The allowable adventitious presence level for EU-approved varieties of biotech products is set at 0.9 percent. Above this level, all products must be labeled as containing biotech
Other Information	
Inspection	<ul style="list-style-type: none"> SPV/DGAL tests imported products for sanitary/phytosanitary compliance at points of entry. Enriched flour, animal genetics, "exotic meats" such as alligator and buffalo, crayfish, pet food, vitamin supplements, and certain fruits and vegetables are subject to EU quality norms and must be inspected at the point of entry. Laboratory tests are often done for canned fruits and vegetables, beer, and dairy products, including yogurt, and generally requested by French supermarket buyers to assure compliance with French regulations of the products they intend to sell
Packaging and Container Regulations	<ul style="list-style-type: none"> France has its own packaging/container size requirements for a large variety of food products, including beers, fermented beverage, breakfast cereals, pre-packed fruits and vegetable, non-alcoholic beverages, coffee, milk, oil and vinegar, ice creams, frozen fish, frozen fruits and vegetables, dried fruits and vegetables, and pet foods. The French regulation implementing EU Directives for packaging materials in contact with food products is contained in brochure No. 1227 of 2002, and includes previous modifications

Certification/ Requirements	Remarks
	<p>(http://ec.europa.eu/food/food/chemicalsafety/foodcontact/framework_en.htm)</p> <ul style="list-style-type: none"> A wide variety of prepackaged foods requires a declaration of unit price, per kilo, 100 grams, deciliter or liter. This requirement is already in force for all retail sales outlets. The use of copper, zinc, and galvanized iron (except for use in the process of distilling, confectionary and chocolate manufacturing) in direct contact with foods is strictly forbidden in France
Products of Animal Origin	<ul style="list-style-type: none"> E.g. red meat, meat products, pet food, farm and wild game meat, ratites, milk and milk products, seafood, bovine embryos and semen, porcine and equine semen, gelatin and animal casings Must originate from EU approved establishments (see EU-27 GAIN Report E48058 available at http://www.fas.usda.gov/scripts/w/attacherep/default.asp) European Parliament and Council regulation 1774/2002 establishes the health rules concerning animal by-products not intended for human consumption
Dried Fruits and Nuts	<ul style="list-style-type: none"> French standards based on the United Nations Economic Commission for Europe (UNECE) are now established for the following dried fruits and nuts: Almonds; apples; apricots; cashew nuts; date; fig; raisins; pears; pine kernels; pistachios and prunes (please refer to the Agricultural standards available at http://www1.unece.org/unece/cgi-bin/unece.cgi/en/p/welcome/) Only walnuts and hazelnuts apply EU standards
Dietetics/Health Foods	<ul style="list-style-type: none"> EU Directive 89-398 gives the definition of a health/dietetic food product (available at http://ec.europa.eu/food/food/labellingnutrition/nutritional/index_en.htm). EU Directive 2001/15 lists nutritional substances that can be used in dietetic/health products. In addition to the general French labeling requirements, all dietetic/health food products must indicate the following information on the label: <ul style="list-style-type: none"> Brand name of the product, immediately followed by its properties and nutritional characteristics Quantity of each nutritional ingredient, expressed in grams (g), or milligrams (mg), per 100 grams of finished product Calorie content expressed in KJ and Kcal per 100 grams of finished product Product should be packed in a manner whereby the packaging covers the product entirely For bulk dietetic/health products, all nutritional characteristics should be clearly brought to the attention of the consumer on the outside packaging

Certification/ Requirements	Remarks
	<ul style="list-style-type: none"> - The expiration date of the product must be clearly indicated for perishable products - The list of additives contained in the product. - Note: Dietetic/health foods are not medicines. Thus, the label may not indicate any curative or preventive properties.
Food Supplements	<ul style="list-style-type: none"> • French Decree 2006-352 of March 20, 2006 establishes harmonized rules for food supplements on labeling, vitamins and minerals, and a list of permitted vitamin and mineral preparations that may be added for specific nutritional purposes in food supplements. • The maximum levels for vitamins and minerals used in food supplements in France may be found at: http://www.admi.net/jo/20060528/ECOC0600052A.html.
Pet food	<ul style="list-style-type: none"> • Regulated by EU regulation 829/2007: http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:32007R0829:en:NOT • Pet food must originate from, and be produced in, plants certified by the French Ministry of Agriculture
Organic Food	<ul style="list-style-type: none"> • The production and labeling of organic foods from vegetable origin is regulated by EU Regulation 2092/91 (please refer to http://www.agencebio.org/upload/guide_lect_pv_nov06.pdf) • Animal organic production and labeling (called REPAB) is regulated by EU Regulation 1804/99 (please refer to http://www.agencebio.org/upload/GuideLect_PA_avr_2008.pdf). • Guidance notes on exporting organic products from third countries to France, as well as an authorization form to market in France, can be found at the following website: http://www.agriculture.gouv.fr • To facilitate identification of organic products for French consumers, the words "Agriculture Biologique" (organic agriculture) and the "AB" logo are applied on the product label. • The "AB" logo represents the French Ministry of Agriculture certification that the product was organically grown or processed according to both specific EU and French criteria, and also signifies that the producer, the importer or the distributor has been duly registered with the EU Member State's organic food trade association.
Alcoholic Beverages, Wine and Beer	<ul style="list-style-type: none"> • French wine imports from non-EU countries are subject to EU import duties, which vary depending on the percentage of alcohol contained in the wine and the type of container. • Other taxes, such as a transportation tax, which is the equivalent of an excise duty, and

Certification/ Requirements	Remarks
	<ul style="list-style-type: none"> value added tax (VAT), apply to both domestically and foreign-produced wines. • Beers are subject to custom duties and tax laws and should correspond to criteria as defined in French decree 92-307 of March 31, 1992 • For additional information, please visit the TTB website at: http://www.ttb.treas.gov/
Food Samples	<ul style="list-style-type: none"> • Subject to the same import regulations as a commercial shipment with regard to sanitary or phytosanitary requirements • For customs, the sample shipment must be accompanied by a proforma invoice indicating the value of the sample product. • In order for samples of commercial value to enter France duty and tax free, a bond or deposit of the potential duties and taxes must be paid. Samples re-exported within one year get the deposit back. Samples of no commercial value enter France free of duties and taxes. "No commercial value" should be written on the appropriate shipping documents. • Meat, Poultry, Dairy and Fish Products for Food Shows are governed by French decree of July 27, 2004, and should be accompanied by relevant sanitary and animal health certificates which may be found at: http://www.legifrance.gouv.fr/WAspad/UnTexteDeJorf?numjo=AGR0401657A. These products should not be sold or consumed and should be destroyed at the end of the food show
Additives	<ul style="list-style-type: none"> • Inclusion of a food additive on the EU list of approved additives does not automatically imply that the additive is approved for use in France or that it is approved for use in all types of food products. • The list of authorized additives and substances is contained in French decree of October 2, 1997, published in the French Official Journal of November 8, 1997. The use of vitamins and minerals is governed by the French decree of August 4, 1986, as modified (http://www.legifrance.gouv.fr).

DOCUMENT REFERENCE

Code :FRA1000

Date :31/05/10

Page :9/9

Certification/ Requirements	Remarks
Pesticides & Other Contaminants	<ul style="list-style-type: none"> Legislation on pesticides and contaminants is partially harmonized in the EU. The French Ministry of Agriculture's (MinAg) Directorate for Food (Direction Generale de l'Alimentation (DGAL) is the competent authority which authorizes pesticides. Its website http://e-phy.agriculture.gouv.fr/ lists authorized phytosanitary products, those no longer authorized, authorized active substances, maximum residue levels ("Limites Maximales de Residus" or LMR) by substance and by plant, companies involved, fertilizers, blends, and toxicology information. The Fraud Control Office (DGCCRF) of the French Ministry of Economy, Finance and Industry tests for pesticides and other contaminants on vegetable products.
Products which are subject to restrictive regulations and barriers	<ul style="list-style-type: none"> As per EU regulations, certain fresh fruits and vegetables are subject to seasonal price restrictions Bananas are subject to quotas and import certification.
Custom Duties	<ul style="list-style-type: none"> When foodstuffs enter France, customs duties, ad valorem, must be paid. The amount of these duties differs according to product. In addition, a value added tax (VAT), is applied (5.5 percent for all food products, except for alcoholic beverages, chocolate and candies where the VAT tax is 19.6 percent).

Reference: USDA FAS GAIN Report

EC Directives

MRLs (<http://e-phy.agriculture.gouv.fr/>)**DISCLAIMER:**

This document has been prepared by SPRING Singapore with the intention of assisting Singapore based exporters of food products. While every possible care has been taken in the preparation of this document, the information may not be completely accurate as policies may have changed or clear and consistent information on these policies were not available. They cannot be taken as the official interpretation of the regulations. It is highly recommended that Singapore based exporters verify the full set of certification and import requirements with the relevant authorities in importing country. **Please note that final import approval of any product is subject to the importing country's rules and regulations as interpreted by custom officials at the point of entry.**

APPENDIX 2: Interview Mathieu Chailloux

Name: Mathieu Chailloux, 01/05/2013

INTERNATIONALIZATION OF MONBANA IN SINGAPORE:

1. Why did you want to internationalize/export Monbana? (in general)

Monbana was originally focused on French market, with a strong expertise and know how in pressing and roasting cocoa bean, and then on the development of cocoa powder for chocolate drinks. In 1978, we diversified the brand by launching the first chocolate squares to serve with coffee. The company decided to explore foreign market from 2001 and since then we have developed strong and fruitful partnership with food service and retail distributors all over the world (we are now present in more than 55 countries). Our current proportion of turnover accounted for by export is 20%. Our main objective is to reach 50% in 2020.

As a part of European Union and single market, Europe is historically our main gateway to export due to an open and fair trading system and environment. We also developed strong partnership in North America and China. As today Europe facing economics difficulties due to the global economic crisis and weak global growth, we strategically decided to focus on new emerging Asian market. As a result, we recently appointed a new exclusive distributor to cover all ASEAN region. We are strongly convinced that this new partnership will allow us to gain rapidly market share in this emerging market. We expect Asean economy to create new business opportunities for Monbana that troubled EU economies can no longer provide.

We are also currently discussing with a distribution company in India, which is potentially a huge market.

2. Why did you choose Singapore? What was your motivation? (Proactive motives: profit and growth goals, foreign market opportunities, economies of scale, tax benefits etc. reactive motives: competitive pressures, domestic market: small and saturated etc.)

We appointed 2 years ago a French distribution company in Singapore with the objective to develop Monbana product in the local market. Singapore was our first step in South East Asia. It's a very vibrant city and attractive market, located at the heart of Asia and sitting at the center of business opportunities. Nonetheless it's a very mature market with high competitiveness. Singapore entered into various free Trade Agreements which enable trading partners to save cost with tariff elimination and tax free, as well as streamlined customs procedures.

If we look closer to the Food & Beverage market, we noticed that its performance is closely related to consumer confidence. The F&B industry is highly competitive, business are more

into innovating to cater to consumers demands which are growing to healthy and fine products. In a longer term, we believe that the F&B Industry will continue to grow fuelled by an even higher domestic demand and economic growth. Moreover, the chocolate market in Singapore was growing as well as the consumer's demand.

As Monbana has a strong innovative image, these market characteristics fitted with our products and positioning, both for the Food Service sector and Retail. In terms of strategy, even Singapore is not the biggest market, we think that being distribute locally is a real added-value for Monbana.

- 3.** Did you experience some barriers/risks for your entry in Singapore? (General risks: language, cultural differences, competition from other firms, Commercial risks: exchange rate fluctuation, Political risks: labor regulations etc.)

At the beginning before the internationalization we did not notice any factors which can affect our business over there. There were no major barriers/risks for entry in Singapore, except the commercial one. Indeed, it's very essential to study closely the F&B market before launching any food product in Singapore. Singapore is a multicultural country, each racial group have its own food habits and do not consume in the same way. In any country, the local distributor has to adapt to these cultural specificities. The politics and laws interfere only a good way in Singapore, by ensuring an attractive business and sustainable economic environment. When it comes to the language, every single Singaporean can speak good English, which is very appreciable when you do business. The exchange rate fluctuation, more imputable to Europe by this time, can be damageable for the local distributor. They have to anticipate it and offer as long as they can a constant price to their consumers. The only concerns I could have is regarding the labor regulation. Singapore has tightening the criteria to hire foreign labors form Europe and close countries, slowing down the development of some companies.

- 4.** Did you do a research on the competitors present on the Singaporean market?

Yes, before deciding to enter this market, the team Monbana did research to see if the product can fit in the Singaporean market. The big brand like Nestle, Kraft is there but we were looking for competitors who can be similar as Monbana. Valrhona, Godiva, Awfully chocolate, Royce etc, all these competitors were already in Singapore and had an established notoriety. So we based our strategy on our French touch, our new innovative, young and diversify product.

- 5.** What was your "target audience" (B2B, B2C) if B2C what kind of age, income, race etc.

When we first started to collaborate with Rochembeaux in 2010, our focus in Singapore was the Food Service sector (HoReCa sector). They managed to develop the brand and products in

various 5 stars hotel in Singapore and F&B outlets. During Christmas season 2010, they had the opportunity to display the Monbana retail range at Takashimaya department store, which is the most luxury shopping mall in Singapore. The local consumers really appreciated this new chocolate brand and the sales were very encouraging. The target audience focus was basically the consumers of Takashimaya, that is to say women between 35/45 years old and high purchasing power. Monbana works closely with its distributors to build locally a clear and consistent retail strategy and target audience.

6. Product: What was your product strategy? Did you choose the standardization way – adaptation way. Or did you send product to Rochembeaux and then they had to analyze which one work in this market and which do not work.

There is always a risk when you penetrate a new market. Which product is going to be the best sellers? Are the local's consumers fancy for Dark or Milk Chocolate? How wise it is to propose hot chocolate in a country with an annual average temperature of 33°?

I would say that's the part of the game, where there is no risk, there is no challenge ahead! Our objective with the distributor is to minimize this risk. By the time you get insights from your market and you adapt your range of product to the consumer's demands.

7. Was the registration with AVA difficult? The import permit was easy to get or not?

The AVA license wasn't difficult to obtain. Singapore has a very efficient administration.

8. Price: What was your strategy? Penetration strategy? Market Pricing? Skimming? Standardization or Differentiation?

Once again, the strategy and pricing is built by the local distributor. It belongs to the distributor to mark up their price and positioning the products in regards to the competitors. Monbana discuss of the adopted strategy with the distributor in order to guaranty a coherent worldwide positioning in terms of image and pricing. We decided to penetrate the market with affordable price in retail, that is to say we didn't want to position Monbana as a luxury brand but as a premium, high end chocolate brand.

With the wide range of Monbana product, we had the chance to propose something different, as the sparkling chocolate for instance. People are always exciting to discover new brands, new products and culinary experiences. In food service, we positioned the brand as a premium brand. Monbana is the French leader in cocoa powder and chocolate squares, which help to build the positioning Overseas.

9. What is your strategy to make the product known by the customer/consumer in Singapore? (Place : Hotel, Mall ...?)

Now in Singapore, we are well established in the HoReCa Market. We supply 5 stars hotels as Shangri-La Hotel, Pan Pacific, Regent Hotel, Fairmont Hotels and many restaurants and

cafés. Also, we have a strong partnership with Singapore Airlines by providing all the chocolate drinks in first and business class. This collaboration is on the point to extend further.

Aside, we develop a focused retail strategy. Our objective is to sell our products in delicatessen shop or retail store. As in France, we decided not to go to mass-market.

We target retail shop which already distribute premium quality product and have a high end image.

For instance, we recently created a partnership with the Four Season Gourmet Market (2 retail store in Singapore) and Pan Pacific Hotel. We display our products in the boutique of the hotel. We have been contacted by Takashimaya Shopping Mall very recently to participate to a fair during 2 weeks. It will be a great opportunity to get exposure and gain in terms of awareness.

10. What is your communication strategy?

Being the new distributor of Monbana in Singapore, we had to inform our clients that a change occurred in the distribution of Monbana. I myself updated all our food services clients by sending emails or during face to face meeting. Regarding the locals private consumers, we had to stay visible in the market and online. We launch a few month ago our new facebook to keep our fans updated (and to gain more fans!) and we have collaborated with locals blogs and website dedicated to chocolate lovers. We are currently working on a new website to even get more online exposure. In a short while, we have the project to create an E-Commerce website to sell online our product. There are still new challenges ahead!

11. How did you deal with the Monbana's competitors? How did try you differentiate from them?

Almost all the mass market chocolate brands we know in Europe are present in Singapore (Lindt, Ferrero Rocher..). We do not really compete against those brands even if there are popular in the market, but more with premium brand like Godiva, Cadbury, Valrhona, Vinchi or Leonidas and Japan brand Royce. As we are developing Monbana in 2 major sectors (Food Service and Retail), we have different competitors on each sectors

Focus Food Service:

Our main competitor for the chocolate squares is Valrhona. We only compete with them for this specific reference. Valrhona is more focus on cooking chocolate sector, whereas Monbana is the expert in chocolate drinks and cocoa powder. We also can find brands from swisszeland like swissmilk or Deutsch brand as Caotina or Van Houten.

We differentiate from these brands by having a very high end cocoa powder with 33% min of cocoa content and large range of product, from hot chocolate to ice chocolate. Monbana is able to launch new product every 3 months, as the new Milkshake range, which a “plus” to increase our presence in the market. All the F&B managers from Hotels are looking for new innovative product to propose new beverage to their guests. Monbana is now known on the market as the best cocoa powder!

12. What are the main difficulties with the market?

The main difficulties in the market are dual:

1---It’s a very mature market so the competition is intense. We have to play the innovative card to increase our market share. New players as Monin push us to be reactive and establish a very strong relationship with our existing clients. The service you can offer to your clients is also essential if you want to secure your business. It’s not only all about the product and the quality of the product.

In retail, many players are well established with their own boutique for many years now. We have to work hard to penetrate this market and gain more exposure and awareness. A Singaporean do not consume as much as chocolate as us in Europe, and buy at very specific period (Christmas, Easter). We have to adapt. When it comes to hot chocolate, we need to educate them. They are not used to drink hot chocolate, they more on tea and coffee. It takes time but implementing a new brand required a minimum of patience...the best is yet to come!

2---It’s a small market but it doesn’t necessarily mean that the volumes are low. If you manage to work with 80% of the hotels, the volume and turnover generated can be high. But it’s still a very little territory so the potential is less for instance than the big China!

APPENDIX 3: Interview Jean Philippe Brisaer

Name: Jean-Philippe Brisaer, 08/05/2013

1. Why did you choose Rochembeaux? How did you meet?

I decided to deal with Rochembeaux because this company seemed to be a reliable one. We met Rochembeaux at an exhibition in Shanghai, HOTELEX.

2. The meeting with Rochembeaux was a factor of internationalization? Did you meet Rochembeaux before decided to go in Singapore or did you met them when your plan was to go there?

I already wanted to internationalize abroad in Asia, in the ASEAN region, Japan or Singapore. Both countries are really stable economically, the cultural aspect and the chocolate market over there was growing. I went to several exhibitions and at HOTELEX in Shanghai and Rochembeaux Singapore was there. They were French so the communication was easy, and having a French distributor in Singapore was the better thing to have, so after this we kept in touch and decided to do the collaboration together.

3. Why did you choose the “distributor” instead of different other internationalization entry? (Exportation, franchising etc.) (Was it less expensive? Less risky etc)

I choose a distributor because Monbana used to deal and work only with importers and distributors, most of the time the companies are combining both activities. It is the easiest way to internationalize the product.

4. How did you find the collaboration with Rochembeaux?

The first 12 months, very constructive, regular business growth oriented in both segment Foodservice and Retail.

5. Why the collaboration with Rochembeaux stop?

The second year Rochembeaux has taken poor strategic decisions, by spending a lot of money in renting sales corner in several shopping malls. The sales of Monbana in these sales points have never covered the costs of renting the sales points. So we decided to let them one year to pay the debt, finally at the end of the year we stopped the collaboration with them.

6. What did you learn in terms of product decision after the collaboration with Rochembeaux?

The main key point I stated is that the consumer in Singapore are dark bitter chocolate oriented and that the “made in France” is a label of high end quality. The first experience with Rochembeaux in Singapore was very enriching in terms of product selection.

It enables us today to help our new distributor for Malaysia, Indonesia, Philippines, Myanmar to short list product and avoid overstock. Having said that, each country is free to choose different products if they think the potential are high. Working with one distributor covering a large region as ASEAN is interesting in terms of regional development. As a part of a group, all the country communicate on a day-to-day basis and exchange information on their market and fast movers product. At the end of the day, every country benefit from the experience of others. It definitely creates synergies.

7. What is your future plan for Monbana in Singapore?

*Our plans are, first to consolidate and increase the business with our New Partner Europ-Continents, with the existing customers by both segments of the market and open more and more new key accounts mainly in the Ho.Re.Ca Market, 5*hotels, resorts, coffee chains, restaurants, caterers.*

8. Have you got some advice for European SME's who want to internationalize a food product in Singapore? (entry strategy → exportation, licensing etc. product decision → better to adapt or standard product)

For the entry strategy, I cannot give an advice it depends of the firm, Monbana decided to choose the direct export strategy via distributors is was the easiest way, Monbana stayed in France and the distributor do their business in their own country. But the company needs to choose carefully the distributor and have trust in them. The future company needs to know perfectly the country before enter there, the culture is different, the market too, it needs to be aware of that issue.