

**THE STRATEGIC VALUE OF PIONEERING AS A
STRATEGY AND PIONEERING ADVANTAGES
IN THE CONTEXT OF FMCG BRANDS
ENTERING NEW GEOGRAPHIC MARKETS**

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Appendices

1 - 8

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Appendix A1

Data Collection Related Information

A1.1 Contact with Local Academic Institutions

In preparation for the field trip it was also necessary to enlist the support of local academic institutions to gain access to working space and basic infrastructure like telephone and fax in order to be able to carry out the research. When the selection of the target countries for this study fell on Poland, The Czech Republic and Hungary previous contacts of the Department of Marketing at Strathclyde and the researcher himself with two institutions in Poland and one in Hungary could be used. For the Czech Republic completely new contacts needed to be established as no previous relations with a Czech marketing institution existed.

Poland

The Department of Marketing at Strathclyde has a long standing co-operation with the Gdansk Managers Foundation through a jointly run MBA programme as well as various personal exchange visits. Previous visits of academic staff of the Gdansk Managers Foundation to Glasgow had been used by the researcher to establish initial contact with Polish marketing academics. This contact was further strengthened through two visits of the researcher to Gdansk in 1993 prior to this study.

Besides this link which exists through the Department of Marketing the University of Strathclyde has an Erasmus exchange link with the Polytechnica in Lodz. This link encourages the exchange of researchers and academic staff between the two institutions. An application for a research visit to Poland was made through this programme and was subsequently granted. This led to the rather unsatisfactory situation in which the researcher had to be located in Lodz for funding reasons rather than in Warsaw where most western companies are situated or in Gdansk where contacts with local marketing academics already existed.

The Czech Republic

As no prior contacts either of the Department or the University could be used to find a co-operation partner in the Czech Republic the local subsidiary of the British Council was contacted to get a list of Business Schools and University with Marketing Departments, situated in Prague. The British Council provided a list of two institutions which were subsequently contacted.

The first to answer was the Prague School of Economics (VSE) which was prepared to support the research project. The second institution declined the wish for co-operation because of a lack of man power in the department of marketing. The contact to the assigned person at the VSE was continued through a number of faxes and phone calls clarifying the needs of the researcher in Prague and explaining the exact scope of the research project.

Hungary

The Department of Marketing at Strathclyde has co-operated with the department of marketing at the Budapest University of Economics on an Erasmus programme since 1990. The researcher himself had visited the Budapest University of Economics in 1992 as part of the Erasmus exchange. The head of department in Budapest Prof. Josef Beracs was immediately prepared to support this research project and funding for the Hungarian part of the journey was secured also through the Erasmus exchange scheme.

Having completed the account of the more important issues during the stage of the internal preparation the external preparation, which started with the contacting of potential respondents, in central Europe, can be discussed. Again in this section only those issues which turned out to be of significance to the study are discussed.

A1.2 Initial Contact with Respondents

Before a potential respondent company could be contacted it was necessary to locate their local subsidiary and obtain details of the address. This would not involve too much work in a western country as plenty of directories and data bases would be available. In countries which currently experience the scale of changes and developments like central European countries this task, however, is not as easy and to find out minor pieces of information, such as details of companies, takes some time and effort.

As a first step store checks of a number of retail outlets were made in order to draw up lists of those western companies in the industries selected which were present in the local market. The store checks also gave an initial idea of market share and success in the difference in shelf presence, depth of range and numbers of sub brands introduced to the local market. Some companies with brands which had already been localised in their packaging also had addresses on their products, which was an easy way to obtain the necessary information.

The next step involved finding out the addresses of the companies which, in the best case would be by consulting telephone books or the local equivalent of yellow pages. This was not always successful as addresses change faster than telephone books and telephone books were not always complete, or even be available. The next and frequently used alternative was to seek the assistance of local support as telephone directories do not offer English speaking services. This turned out to be a difficult and tedious task because of problems of the telephone service in all three countries. The waiting time to get through to the directory services took up to 30 minutes in Poland and not much less in the other two countries.

In Poland and Hungary the information finding stage was considerably shortened. In Poland a letter was faxed to the Gdansk Managers Foundation approximately 4 weeks prior to the field trip requesting assistance in locating the information needed on a number of western companies. The information was subsequently obtained by students of Gdansk University and proved to be of great help to the researcher. In Hungary a number of contacts¹ were made through Prof. Andreas Bauer at the department of marketing at the Budapest University of Economic Science who has close links with a number of western companies operating in Hungary.

¹ Henkel; Nestlé; Douwe Egberts; Unilever

Once the telephone numbers of the target companies were obtained through any of the procedures described above the stage in which initial contact to the companies was made could proceed.

In any western country one would usually send a letter to introduce a study and the researcher to a potential respondent. This letter would explain the aims and nature of the research project as well as the researcher's affiliation and position (Kincaid & Bright 1957). This procedure would be adopted and expected by respondents, rather than making the initial contact by phone to enlist the support of top executives (Zuckerman 1972). For several reasons this was impractical for this study:

Securing the telephone number and address of potential respondents took considerable time so, arrangements therefore had to be made on relatively short notice. Mailing a request for an interview with an average response time of a couple of days would have meant that the time allocated to the research in each country would have been too short. Although some details about the company had been found out it was as yet unclear who in the company would be the appropriate person to talk to. A letter addressed to 'The Marketing Director' without a name was thought even less likely to arouse a positive response in the time available and is unprofessional.

Although the chosen method may also appear unprofessional according to the western code of practice it not only fitted the needs of the researcher but it was also regarded as appropriate by the majority of respondents. As it turned out all respondents were working on a very tight schedule and, because of the continued changes in their environment, their schedules would constantly change on short notice to accommodate recent developments. With this in mind most of them, once they had decided to take part in the study, were quite happy to make arrangements over the phone and to have a meeting within the next ten days. As everything seems to happen on a less formal basis in these countries a request for an interview over the phone was not perceived as being unusual or unprofessional. Many respondents also gave the impression of being lead by a kind of 'pioneering spirit' which means that they preferred to get things done (including the interview) rather than being pernickety about the correct form of how they were approached by the researcher.

It also helped in most cases that the researcher identified himself as being from a British University currently staying in the country. The fact of having made the journey to the country was appreciated by most of the respondents. The fact of having made the journey also helped to persuade potential respondents to take part in the study as they saw the trip to central Europe as a major commitment on part of the researcher and therefore wanted to help making this trip successful. The behaviour of executives to judge a request for participation not only on the merits of the study alone, as observed by Kincaid & Bright (1957), did not seem to apply in this case as the respondents had little else on which to judge the request on and a surprisingly high number of potential respondents decided to take part immediately, without any further information on the researcher and the study itself.

In the first telephone call to a potential respondent an attempt was made to find out the exact name and the exact job title of the most appropriate person to talk to within the target company. This often needed detailed and repeated explanations about the study to a number of people in that company. The difficulty of this was to find out as much as possible about the people in the respondent company's marketing department and particularly about the potentially most appropriate interviewee and, at the same time convince them to take part in this research project without giving too much away which might bias an interviewee prior to the interview. It was expected that responses would be rather negative on the whole as potential respondents were expected to be too busy and being probably concerned about confidentiality issues and therefore not willing to commit themselves to this study.

It turned out that actual responses ranged from immediate approval and arrangement of an appointment down to outright refusal. In most cases a number of phone calls were necessary to get the most appropriate person and then again to call again a couple of days later if he wanted to discuss the matter with others before he would commit himself. Finally in many cases a last phone call was made to arrange an appointment some time in advance of the day of the interview. In some cases it even seemed necessary to confirm the appointment again on the day. The process of making the appointments from the first contact to the final phone call in which an appointment was made would take up to more than a week in some cases, often leaving only a few days to schedule the appointment.

Apart from two cases in Poland² this was not a problem as respondents, once they had agreed to take part, were quite willing to go out of their way to accommodate the interview in their schedule. Only in one case³ a previously scheduled interview in Warsaw was cancelled on the day and alternative arrangements were made. In a number of other cases interviews were held after normal business hours⁴, over breakfast⁵, partly in a taxi to the airport⁶ or during lunch breaks⁷ in order to accommodate the interview in the time span available.

In those cases in which a willingness to participate was indicated but concerns about the confidentiality were mentioned the academic supervisor at the Department of Marketing at Strathclyde sent a fax (Appendix A8) from Glasgow to confirm the nature of the study being only of an academic nature thus reassuring the potential respondent that no information from the interview would be released. In all but one⁸ case this was sufficient to legitimate the researcher and eliminate fears about breaches of confidentiality.

If no firm commitment was reached and the potential respondent asked for a couple of days to think about the proposal a short fax (Appendix A8) was sent to emphasise how important it would be for the success of the study that he personally would participate. This fax also gave a brief outline of the three main areas of inquiry in order to arouse an interest in the potential respondent in the subject itself. Apart from one case⁹ this method worked and the companies who received the reassuring fax finally decided to take part in the study.

If an appointment was made in most cases a further fax (Appendix A8) was sent to confirm the appointment in writing. As far as possible the local address of the researcher was included although that was not always possible for a lack of infra structure at the local institutions. It was feared that if a respondent tried to contact the researcher via the local institutions it would not work and frustrate the respondent with potentially negative effects on his continued willingness to participate.

² Nestle Polska; Reynolds Tobacco Poland

³ Johnson & Johnson Poland

⁴ Henkel Cosmetics Polska; Procter & Gamble Poland; Coca Cola Polska; Colgate Palmolive Poland Stollwerck Budapest; Kraft Jacobs Suchard Hungary

⁵ Johnson & Johnson Poland at the Atrium Hotel in Prague

⁶ Pepsi Cola Poland

⁷ Procter & Gamble Czech Republic

⁸ Benkiser Poland

⁹ Benkiser Poland

In some cases a local address was also deliberately left out as not to give the respondent a chance to change their mind and give them an address at which to notify the researcher of the change prior to the interview. This however, meant that changes in the timing of an interview could also not be communicated, a danger which was accepted for this matter.

It was not always possible to send a confirmation fax because of infra structural and organisational problems at the local institutions. The resource fax machine being still of a somewhat special nature and therefore severely limited access in these countries it was not always possible to gain access to a fax machine at the time it would have been necessary to send a confirmation. However, not all respondents expected a written confirmation and in those cases in which the fax had not reached the respondent, despite it had been sent, they were not at the least bit surprised because of the generally accepted fact that the telephone system was unreliable.

The rate of companies contacted who decided not to take part in the study was surprisingly low but their number varied across the three countries. The following table shows the companies which were contacted but refused to take part in the study. The reasons for refusal which were given by the companies are mentioned and summarised at the bottom of the table:

Table: A1.1

Reasons for Interview Refusals Poland

Benckiser	Concerns about confidentiality
Gillette	Time Pressure
Reynolds	Absence of Respondent
Nestlé	No appointment time could be agreed
CPC	Outright Refusal

Source: Author

Table: A1.2

Reasons for Interview Refusals Czech Republic

Henkel	Absence of Respondent
Coca Cola	Outright Refusal
Douwe Egberts	Outright Refusal
Tchibo	Time Pressure
Bahlsen	Outright Refusal
Benckiser	Concerns about confidentiality
Master Foods	Absence of Respondent
Pepsi Cola	Time Pressure
Colgate Palmolive	Outright Refusal
Phillip Morris	Outright Refusal

Source: Author

Table: A1.3

Reasons for Interview Refusals Hungary

BDF	Time Pressure
Johnson & Johnson	Absence of Respondent
Reynolds	Outright Refusal
Benckiser	Outright Refusal
Coca Cola	Outright Refusal
Pepsi Cola	Outright Refusal

Source: Author

Table: A1.4

Summary Table: Reasons for Interview Refusals

Reasons for Interview Refusals	Total:
Outright Refusal	10
Absence of Respondent	4
Time Pressure	4
Concerns about confidentiality	2
No appointment time could be agreed	1

Source: Author after Zuckerman (1972)

The refusals for the interviews came at different stages of the persuasion process as the different reasons indicate. In those cases in which an interview was outrightly refused this happened in the very first telephone contact. The opposite was a case¹⁰ in which an appointment was made and only then after the first minutes into the appointment the respondent refused to take part in the actual interview.

In the cases which are termed 'absence of respondent' it was established during the first or second telephone contact that the most suitable person according to the respondent description was absent during the time the interview could have been conducted. In those cases the company was dropped from the list of potential respondents as to keep the deviation from the respondent description to a minimum.

The cases in which 'Time Pressure' was given as a reason for refusal can be categorised into two groups. The first group consists of those cases in which the potential respondent seemed to be unorganised and overwhelmed by his workload so that he did not want to assign any amount of time to anything apart from his job. The other group of potential respondents was calculating the benefits from participating against their costs of taking part, an effect already encountered by Kincaid & Bright (1957). The value of a copy of the findings which was offered as an incentive was usually considered as of no value to the potential respondent of this group. The argument of having the unique chance to be actively supporting education and research was also seen as of no value to this group, a finding also made by Kincaid & Bright. Financial incentives to equal the costs of taking part were not offered to any potential respondent.

The total number of refusals, although relatively high compared to the total sample (21/23) does not render the sample invalid or influence its representativeness (Kincaid & Bright 1957). As was outlined earlier in this chapter this study does not aim to provide findings which are representative across all industries generally, but those which are in a similar situation in which the findings were made. The findings will supply a 'grounded theory' on the phenomenon of pioneering advantages which can be obtained from this sample just as well as from a sample including companies who refused to take part in this study.

¹⁰ Benkiser Poland

It is believed, that refusals of specific companies do not influence the general outcome of this study, as this study looks for underlying concepts and theories of pioneering advantages which are not the property of any one company. It therefore seems safe to assume, that the refusals do not influence the results of this study negatively. The only influence the refusals have on this study is that the experience and history of those particular companies does not enter the analysis but is replaced by the experience and history of another similar company.

A1.3 Topic Guide Testing and Re-testing

Attention has been brought to the fact that the final draft of the topic guide was considerably longer than the version which was finally used for the interviews. The sequence of the questions was also changed as the test respondents found the initial sequence irritating as the researcher was coming back to the same issues which they thought were unnecessary repetitions. Although repetitions have an important role in interviews and Baker (1991) argues strongly in their favour a balance had to be found between repetitions in order to test earlier responses in a different situation and the fact that respondents felt annoyed by too many repetitions in the test interviews, an effect which was also observed by Kincaid & Bright in their 1957 work on interviewing a business elite. The annoyance of the respondents seriously dampened their willingness to answer freely and seemed to create an impression of an impertinent and also incompetent interviewer who did not follow what they were saying. A further consideration was the time pressure as the initial topic guide turned out to be by far too long as all test interviews took longer than two hours which was not acceptable as it was to be expected that future respondents may not be as lenient with their time allocation to the researcher as the test respondents were. The result was a changed sequence of the topic guide and a number of questions which were dropped. And although the testing stage already revealed a number of questions which turned out to be unsuitable a few more questions were dropped¹¹ during the interview series as a response to the unsatisfactory answers which were obtained during a number of interviews, this however was only a relatively small number.

¹¹ Questions: were dropped at this stage.

A further result of the testing stage was the introduction of separated questions for pioneers and followers. This made issues and questions clearer and the answers which were obtained more satisfactory in terms of clarity and content.

At the beginning of the interview series in the Czech Republic and Hungary the first two interviews were also regarded as test interviews. This was thought to confirm whether the topic guide would be equally applicable to all three countries or needed to be adapted to a different situation. It was therefore decided that if changes to the topic guide were necessary to localise it in any way the first two interviews would reveal this need for change. If this was found to be the case these interviews would subsequently be treated as test interviews and not be included in the final analysis. As it turned out this was unnecessary as no changes to the topic guide were necessary and all interviews made in these two countries were therefore included in the analysis.

The topic guide was not changed during the interview series in the light of developments or information unveiled during previous interviews. Zuckerman (1972) describes that she introduced new questions to her questionnaire after 20 interviews were completed. This technique was not used in this study as not to lose the continuity in the interviews and the comparability of answers received on the subjects which were featured in the topic guide after the final version was developed during the test stage in Poland.

Being the most important part in the data collection procedure for this study the implementation of the main interview phase is discussed in the next section.

A1.4 Interviewing

The interviewing stage documents the interviews in order to allow the reader to appreciate the atmosphere and situation of this most important tool of data generation in this project prior to the study of the results. In the following section an account is given of issues which were either regarded as being important for the understanding of the interviewing process or which occurred more frequently during the process. It is however, not the aim of this section to give an account in minute detail of all issues which occurred during the interview series, as that is not the purpose of this study.

The interviewing process is merely a tool to data collection in this study however, an important one and major issues in this process therefore need to be reported and considered when studying the findings of the study.

A1.4.1 Interview Preparation and 'Assessment Games'

Prior to the interview series the researcher had studied the relevant literature on pioneering and branding in detail. This was not only an academic requirement but also necessary to be able to conduct the interviews on a meaningful level to the respondent and to be accepted by the respondents as a knowledgeable partner who was not wasting their time on textbook basics, an effect which was already observed by Zuckerman (1972). Unlike Zuckerman the researcher in this case was generally unable to obtain detailed information about the respondent company prior to the interview. Information could not be obtained at this stage because the available time between reaching the agreement to participate with a respondent and the actual interview did not permit to search for company specific information other than store checks for their retail presence. This was even more so in the early interviews of each series and particularly in each first interview of a new industry. The fact of not being familiar with the local company situation was not a disadvantage, as respondents did not expect the researcher to be well informed on the particulars of their company in their particular market, although they did expect to be familiar with the company in its world wide role its history and in some cases even the philosophy¹²(Kincaid & Bright 1957). The information on different companies accumulated quickly during the course of the interviews as respondents were actively encouraged to talk about their competitors. This meant that for the second interview in an industry the researcher already knew details of the company and its local operation. In some cases the knowledge from a particular interview would also extend beyond the same industry¹³ or beyond boundaries¹⁴ into the situation in other industries or markets.

Zuckerman (1972) observed in her series of interviews with Nobel laureates that the interviewee would continuously test the interviewer as to ascertain *the degree of competence and commitment*.

¹² Particularly Procter & Gamble respondents checked carefully if the researcher was familiar with their company philosophy.

¹³ The respondent in Colgate Poland had just accepted a new job for a subsidiary of Pepsi in Poland which is concerned with confectionery. She therefore gave valuable insights into that industry.

¹⁴ The respondent in Nestlé Czech Republic worked previously in the Hungarian coffee industry for Douwe Egberts. He also gave an interesting account of that industry in Hungary.

A similar behaviour was encountered with some of the interviewees in this study and, as a general rule, it can be said, that the more senior the interviewee the more often he would resort to this technique. During the interview the respondent would return questions to the researcher and asking for detailed explanations or would test the knowledge of the researcher on the local economy or his company, sometimes even questioning the intent of single questions. The interviewer being interviewed by the interviewee at the beginning of the meeting happened frequently and again the more senior the respondent the more they wanted to know about the person of the researcher and his intention of doing the study, sometimes questions were asked about the University of the researcher and in a few cases attempts were made to provoke the researcher to test his reactions. In most cases the interviewee would stop the 'assessment game' after a couple of seemingly satisfactory results were achieved by the interviewer thus being assured of competence and commitment the interviewee would open up and answer more freely and willingly than during the test stage. In one example¹⁵ the assessment started already during the first telephone call in which the respondent entered into various arguments why he should not participate which seemed in hindsight only designed to assess the researcher's ability to argue his case. After several successful arguments he assessed the researcher as being 'very persistent' which would merit his time and effort to get involved in the study. In that interview the interviewee then presented the researcher with a number of questions concerning the research subject and the researcher himself and after receiving what seemed to be satisfactory answers he provided free and open answers to all questions taking a considerable while longer to complete the interview than the 90 minutes which he originally granted.

A1.4.2 Rapport

The fact that the respondent met the interviewer for the first time only at the time scheduled for the interview and that all previous contact consisted only of a number of phone calls and sometimes one or two faxes put a considerable amount of stress onto the first minutes of the meeting. It seemed that many respondents only then fully realised what they had entered into and that detailed and potentially dangerous questions were to be asked by a person they had never met before.

¹⁵ Nestlé Czech Republic

However, in spite of the sometimes difficult role relationships and initial 'assessment games' in all but one case¹⁶ a positive rapport was established to the respondents¹⁷. An amicable and friendly relation was established during many interviews very early on which helped enormously to improve the quality of response and the willingness of many respondents to even answer questions on confidential issues. In these cases the answers were seemingly given in the understanding the respondent would 'help' the study and for that matter the student. Often would the respondent refer to his or her own time as a student and therefore wanted to appear understanding and helpful. In some cases a friendly relationship was not established and the rapport remained on a merely 'professional' basis. The interviews which were conducted on this 'professional' basis were still of good quality as the respondents with this approach took the study and the interview very seriously and their professional attitude meant that their answers were also of a high degree of quality because of their general professionalism towards everything in their environment. In a few number of cases respondents with the 'professional' attitude would after the interview being finished change their behaviour and switch into a friendly even relaxed mode, again often referring back to their own time as students thus clearly differentiating between the interview as part of their work schedule and the informal conversation afterwards as part of their spare time.

¹⁶ Nestlé Hungary

¹⁷ Counting only successfully completed interviews.

A1.4.3 Questioning

Before the actual interview started the interviewer introduced himself and explained the purpose of the interview and how this interview would be part of the whole study as suggested by Dexter (1970). It was furthermore made clear that all what was to be said by the respondent would be treated in strictest confidence and that the answers from the interviewee were of considerable importance to the study. In many cases questions were asked by the interviewee to expand on issues mentioned in the introduction and as far as they would not bias the interviewee in terms of the research subject or relate to other respondents the questions were answered. The interviewee was then asked if he or she wanted to ask anymore questions before the interview and when that was answered with 'No' an introduction to the interview procedure itself was given. The intention of the elaborate introduction was to put the interviewee at ease and reassure him on the seriousness and the importance of the interview. It was also seen as a crucial objective of the introduction to create the impression that the interviewer and his study were trustworthy in terms of confidentiality as some questions would most likely touch areas in which answers could be regarded as confidential.

After the introduction the interviewees were then told that in the first part of the interview they would be asked for facts concerning their company, the market in which it operates and the local economy and in the second part they would be asked for evaluations of the same. It was then said that the questions were of an open nature and that there was no right or wrong answer. It was mentioned that they did not have to answer a question if they did not want to but that it would help if they told the reason for their non-answer.

In an introductory stage the interviewee was made familiar with the open question format with easy questions relating to the company's history in the market and current non-confidential data about the company. It was then also established which company was seen as the most important competitor. Often these introductory questions were answered in great detail and at length which then lead into the remainder of the factual part of the interview. Prior to the second part of the interview the interviewee was reminded that the following questions were for their personal or their company's evaluation of a particular issue or situation.

In this part the answers were in some areas shorter which means that the researcher was more often referring to the topic guide in order to keep the interview flowing but lengthy and detailed in other areas covering a lot of ground.

In the second part of the interview three questions required the respondent to mark a grid in which they had to relate their brand's price and performance to that of their competitors. They furthermore had to indicate how they saw this relation changing in the future and to answer why they anticipated these changes. All respondents were willing to draw the present positions whereas some¹⁸ refused to clearly mark future tendencies because they thought that their own company's next moves could be revealed.

Non responses were rare and were in most cases confined to market shares, the company's future plans and the evaluation of the ingredients of their company's success or failure in the local market. It seemed that the respondents who gave non-responses had very different concepts of what constitutes a confidential issue and what not. No single one issue of the topic guide was consistently a non-response item and some respondents talked freely and in detail about issues which other respondents preferred not to talk about. Direct probing in non response situations was used if the interviewer felt that it could be done without damaging the rapport and the relationship established between the interviewee and the interviewer. In some cases this was successful in obtaining an answer in other cases it did not lead to more information being revealed. Indirect probing by approaching the issue at another occasion was also used to fill in gaps left by non responses.

In general non response did not have a negative effect on the overall data collection as it occurred only infrequently and only in less important parts of the interviews.

A1.4.4 Topic Guide Related Issues

The use of the precisely defined but loosely structured topic guide left the interviewer with the freedom to control the interview topic, albeit within the pre-defined limits, and tailor it to a specific respondent and the experience and strategy of his company.

¹⁸ Procter & Gamble Poland; Procter & Gamble Czech Republic; Nestlé Hungary

This meant that it was possible to probe and concentrate on areas which are of particular interest in a individual case to further and deepen the totality of information gathered in all interviews, rather than duplicating information because of a pre-defined rigid interview structure. Finally it also helped to pace the interview in accordance with the time made available by the respondents.

The split between questions tailoring them for either the pioneer or the follower in an industry however posed a problem in companies in which the respondent would attempt to answer for the company rather than for a single brand in a single product segment. In those multi brand companies different brands entered the local market at different times and some may have been pioneer whereas others were followers. In these cases the answers became repeatedly complicated and ambiguous because it was attempted by the interviewee to portray two entirely different situations in a single answer. In these cases the question was repeated with the addition to concentrate only on the one brand or range which was introduced as the pioneer or follower depending on the company position within the matched industry sample.

A1.4.5 Interviewer Objectivity/Neutrality

Dexter already pointed out back in 1956 that it is rather difficult to be or to appear to be completely neutral in an interview situation. Although the research subject being of a factual nature and not one in which it was to be expected to be asked to take sides some respondents sought out the position of the interviewer on certain issues. Attitudes and opinions of the researcher were sought either openly by asking or through indirectly gestures, slight provocations and the subconscious seeking of confirmation.

The most common issue on which this behaviour was encountered was the discussion and evaluation of direct competitors. Although all respondents were clearly told that the interviewer either had or would see direct competitors¹⁹ some respondents indirectly or directly sought the reassurance that the interviewer was either neutral or on their side rather than on that of the competitor. In this reassurance seeking two very different role relationships were adopted by the respondents. In a company which was market leader the interviewee would treat the interviewer as a friend on an equal status who came to admire his performance.

¹⁹ The competitor in question was not mentioned nor were any informations obtained in previous interviewes with one company used in the interview with their competitor. If asked for credentials only those companies in different industries were mentioned.

It was agreement and admiration which was looked for in the interviewers response. In companies which were doing less well and who were facing a much stronger competitor the interviewer was treated as a 'confidante of the suppressed' and understanding and sympathy were sought in the interviewer. In one case²⁰ in which the respondent's market position was extremely weak this went so far that the interviewee openly but 'off the record' blamed the *ignorant* headquarters in the West who *did not have a clue and basically did not care* about the situation of their subsidiary in the local market. The interviewer was then openly asked for agreement that this was obviously the case and the reason for the company's weak performance in the local market.

Most interviewees however, accepted the interviewer as a neutral academic interested in the general subject matters rather than to take the side of their particular case. And although no clear evidence can be given to support the proposition it seems that seniority is somehow related to the role in which the interviewer is seen by the interviewee. More senior respondents would remain less involved in the subject reporting issues in a neutral way therefore allowing the interviewer to remain neutral. Younger less experienced respondents would more often take the opportunity of the interview to get involved in the reports of their work and company and the positive or negative aspects of it expecting the interviewer not only to take sides but to respond openly or at least covertly in their favour.

A1.4.6 Duration

The duration of the interviews varied considerably and was mainly determined by the respondent, either by the time it took the respondent to answer all questions in the time he would need or alternatively by allocating a specified time to the interview and leaving the time management to the interviewer. The shortest duration was 43 minutes in a case²¹ in which the respondent turned up almost 30 minutes late for the interview with another appointment scheduled for after what was intended to be a 60 minute interview. As efforts in this case failed to improve rapport it was clear that not all questions would be asked and an ad hoc prioritisation was carried out. The respondent in this case answered short and without going into too much detail which lead to an acceptable ratio of questions asked although the answers remained less deep and informative than the interviewer would have wished for.

²⁰ Unilever Czech Republic

²¹ Nestle Hungary

The second shortest interview²² was 72 minutes in which all questions were asked and a high degree of concise detail was reported by the interviewee who was very helpful but unfortunately bound by his schedule. Most interviews took between 120 and 150 minutes with only few taking longer. In many cases it was experienced that the interviewee would finally take all the time needed to go through the interview rather than stick to a time limit given in advance to the interview. Few expected that the approximate duration which was given over the phone as 'about one hour, maybe slightly longer' was accurate and most anticipated this to be a conservative estimate. In some cases respondents would remind of the time after the interview went on for more than two hours but this did not lead to an interview then being discontinued.

A1.4.7 Use of Tape Recorder

All interviews were recorded with a standard tape recording device. In the few cases in which objections were mentioned those were overcome by arguing that a tape allowed the interviewer to follow the answers more closely because no writing was necessary at the same time. The use of a recording device did not interfere with the respondent's willingness to answer freely, as they generally did not mind the recorder or forgot about it (Kincaid & Bright 1957; Zuckerman 1972). Furthermore they were made familiar with stop and pause buttons on the recording device so that they could switch off the recording for 'off the record' remarks, which happened only in one case²³ in which the respondent did not want negative remarks about his headquarters' attitude towards the local subsidiary on the tape.

The use of a recording device is essential for the qualitative analysis process as to produce exact transcriptions of the interviews. The advantage of this outweighs all concerns about interviewees being anxious about its use. On a technical note it has to be added that in a few cases an external microphone was used which the respondent was asked to hold, this was to improve the sound quality on the tape in those cases in which the interview was conducted in noisy surroundings like restaurants or hotel lobbies. The recording device which was provided by the University proved to be of a rather low technical standard, unreliable and not able to produce consistently good recordings. The monitoring of the device by the interviewer and if necessary the need to make adjustments during the interview were distracting,

²² Douwe Egberts Hungary

²³ Unilever Czech Republic

and created an impression of amateurism which was not at all conducive to the interview situation. The bad sound quality of the recordings made the transcribing process difficult and lengthy as many answers had to be listened to repeatedly before it was possible to transcribe the accurate wording.

In retrospect it would have certainly been better to invest into a better recording device prior to the field trip. The amount of time lost transcribing and the frustration experienced through the low quality recordings was considerable. The situation could have easily been worse if an interview would have been lost completely due to the sub standard recording device.

A1.4.8 Researcher Bias

The provision of the raw data and a detailed example of the analysis process are to be taken as 'good practice' in studies of a qualitative character in order to shed light on the qualitative analysis procedures. The analysis process would otherwise remain a 'black box', difficult to evaluate in the application of methodology and academic standards. However, it has to be kept in mind that qualitative analysis is a process which is more often than not subjective and influenced by the personality of the researcher, this being an important and constant bias it does not surprise that another researcher, employing the same analysis technique, may still come to different conclusions from the data provided. This is not a sign for the research and its conclusions being wrong, but for the importance of the multitude of different backgrounds of those analysing the data, which may lead to different outcomes in the analysis.

In this particular study the researcher has not only collected all the data personally in face to face interviews but he also spent a considerable amount of time in the countries which are concerned in this study at a particular stage of their development. The living and observing of every day life and living conditions in these countries has most definitively enhanced the background of the researcher in coming to conclusions and findings from the data which are closer to the reality in these markets than a person who only has access to the raw data and secondary information on the countries in question. Although the background of the researcher does not enter the analysis directly it has to be considered as a factor and a bias towards the subjective reality observed in the markets.

Topic Guide

'Pioneering Advantages in Central European Markets'

The Department of Marketing at the University of Strathclyde,
Glasgow Scotland

Part 1 Preliminary Information

1. Company Name
2. Industry/Product category concerned
3. Brand concerned
4. Interview Partner
5. Position of Interview Partner
6. Exact Date of Brand Entry
7. Competitor concerned
8. Exact date of Competitor's entry
9. Can you please describe your current operation in this market?
Number of employees
Turnover
Company Status (Subsidiary/Independent)
Wholly owned or a Joint Venture?
Manufacturing Capacity

Part 2 Factual Information

Infra structure, market conditions on entry

1. Through what kind of outlet do you mainly distribute?
2. Since you entered the market, how has the number of retail outlets, which you distribute through, changed?
3. When you entered this market, at how many retail outlets was your brand initially represented?
4. At how many retail outlets is your brand represented today?
5. Before you entered with your brand, was a product of this category available in the market? 5a. - which brand/product? 5b. -since when?

Company history in the market (before full entry)

1. Before you entered fully, did you have any representation in this country?

- 1a if yes, what form had this representation?
- 1b. Your current operation, was that set up independently from the previous operations or developed from previous operations?
- 2. Did any particular problems affect the introduction of your brand to this market?

Brand

- 1. Had your brand any presence in this market prior to?
What role played:
Media Overspill,
Licensing Agreements,
Advertising,
Sponsoring
or else?
- 2. How well was the brand known in this market prior to?
- 2a. - Do you have market research data for this?
- 3. How well known is the brand today?
- 3a. - Do you have market research data for this?
- 4. What is your market position in this market in terms of market share?
- 5. What is your market position in your home market with this brand in terms of market share?
- 6. What are your main marketing tools? (Please rank order)
Probe:
Advertising,
Consumer Sales Promotion,
Public Relations,
Direct Marketing,
Retailer Promotion,
Sales Force,
Other, please name _____
- 6a. Why do you have this priority?
- 7. What does your brand stand for in this market?
- 7a. What do you want it associated with?
- 8. Do you localise the product? 8a. In what way?
- 9. Do you localise the brand ? 9a. In what way?
- 10. Do you adapt your advertising? 10a. In what way?
- 11. In your advertising, do you stress the brand or the product? 11a. Why?
- 12. Is your pricing adapted? 12a. In what way?
- 13. What is the influence of the black market on your brand?

Competition

- 1. Which are the top brands in your industry in this market, in order of importance?

2. What is your main (western) competitor's market share?
3. How does the competitor's brand/product differ from your own?
4. What was the differential in price between your brand and the competitor, when the follower/you entered the market?
5. What is the difference in price today?
6. If differential has changed - how did it change and
- 6a. who made the change?
7. Do you know of any western brand in your category, which failed already, or is about to fail in this market?
- 7a. Why has this brand failed/is it failing?

Part 2

Infra structure, market conditions on entry

1. If one would consider today's infra structure as 100%, at what level was it, when you entered, according to your estimate?
2. What changed in the market environment since you entered? (Likert Scale)
- 2a. How did it change?
Laws governing business
Taxation/Customs Levy
Infra structure
Consumer behaviour
Distribution
Competition
Nothing Changed / Changed slightly / Changed somewhat / Changed considerably / Completely Changed
Changed for much worse / Changed for worse / Change did not affect us / Changed for the better / Change means great improvement
3. At the time of your entry, did consumers know what your product was for, and how to use it? 3a. -because of advertising or personal experience?
- 3b. If no, how did you introduce the product to them?
4. In your opinion, was the market ready for your product when you entered?
- F5. If not pioneer, did you benefit from the education and paving other companies did before you entered? F5a. -In what way?

Company entry

1. Was the entry form your company chose influenced by the pioneer/follower decision?
- 1a. Was the entry time your company chose influenced by the pioneer/follower decision?
2. What would you consider were the main risks, when you entered the market?

3. Your main (western) competitor entered this market in, how would you describe the conditions facing your competitor, when he entered the market compared to your own entry?

Infra Structure

Market Readiness

Market Environment

Consumer Openness

Competition

Starting Conditions

Much worse / Worse / Slightly worse / Similar / Slightly better / Better / Much better

Brand

1. How important do you think brand names are in this country?
2. Why are they important/unimportant?
3. What influence do brand names have on consumers?
4. How would you rate consumers' brand loyalty in this market? (Likert Scale)
Not existent/Very low/Low/Average/Above average/Strong/Very Strong
5. How would you describe the current attitude of consumers towards western brands?
6. Has the attitude changed since you entered, if so, 6a. how has it changed?
7. Why do you think has it changed?
8. What are the trends in your opinion of consumer attitudes towards western brands?
9. How did the changes in consumer attitudes towards western brands affect your brand?
10. How did you react to the changing attitudes?
11. What do you think are the main limiting factors for western brands in this market?

Competition

1. Could you please draw a rough sketch (without units) of your sales curve only indicating its general direction, since you entered this market?
2. What is your brand's current position in the market in terms of a price/quality(performance) grid? (Mark grid)
- 2a. What is your competitor's current position in the market in this grid? (Mark grid)
- 2b. What is the position of the most popular local brands/products? (Mark grid)
- F3. If follower, have you deliberately aimed at the pioneer's position or deliberately at a different one?
4. Has any of the positions you marked in the grid changed over time?
5. -Please indicate how
6. How will the positions in the grid change in the future, in your opinion?
7. What advantage do you think, you still have from having been the pioneer/follower?
8. How do you think you can sustain this advantage?
9. What disadvantages do you still suffer from having been a pioneer/follower?
10. Have your competitors influenced the disadvantages you have experienced?

- P11. If pioneer, did your follower benefit from your pioneering work - in what way?
- P12. Was the follower unable to do or achieve anything, because you already controlled it?
(Probe)
Advertising Space, Distribution, Reference Position, JV Partners, Production Facilities, Investment Opportunities,
13. Do you think consumers today are aware, that you are the pioneer/follower?
14. Do you think consumers today care, whether you were pioneer/follower?

Company Policy on Pioneering

1. Does your company follow a firm strategy on being pioneer or follower on a world wide basis?
2. Could you please describe your company's strategy on being pioneer/follower?
3. Does this differ for Central European markets ? (PL,CZ,SLOV,HUN)
4. In which of the following markets has your company been a pioneer/follower?
Hungary; The Czech Republic (Czechoslovakia) Poland
5. Were any local factors considered in the decision of pioneering/following in these markets?
- F6. If follower, was this a deliberate decision or a forced decision because a competitor was quicker?
7. How was your market entry into Central/Eastern Europe co-ordinated?
8. Who from your company was involved and what is their involvement likely to be in the future? (Central Agency?)
9. How long do they remain involved?
10. How would you describe their influence?

Pioneering Advantages

1. When you entered the market, what were your immediate objectives?
2. What in your opinion, was most important to be achieved before any new competition arrived in the market?
- F3. What was achieved by the pioneer before you entered the market?
4. Did you suffer any particular setbacks because you entered first/second?
Please describe
5. Did your competitor who entered first/second suffer any particular setbacks, you know of? Please describe
- P6. If pioneer, were you able to make it more difficult for your follower, if so how?
- F6. If follower, was the pioneer able to make it more difficult for you, if so how?
7. What were, in your opinion, for your brand the advantages of being first/second in the market?
8. Would these advantages apply to other companies as well, or was your company particularly suited to reap these benefits?
- 8a. (If particularly suited) Please describe in what way.
9. What were, in your opinion, the disadvantages of being first/second in the market?

10. Would these disadvantages apply to other companies as well, or was your company particularly prone to these?

11. What were the effects of being first/second to the market? (Probe)

In terms of: distribution of your brand
advertising your brand
popularity of your brand
contacts to important institutions/people
good will from institutions
good will from consumers
sales of your brand
gaining reference status with consumers
preventing followers to enter the market
benefiting from other companies' experience
gain consumer loyalty
benefit from consumer curiosity

Future of market and brand

1. How do you see the future of western brands in general in this market?
2. How do you see the future of your particular brand in this market?
3. How relevant will it still be that you were pioneer/follower?
4. For how long do you think you can sustain any advantage of having been pioneer/follower?
5. How long do you think you need until disadvantages of being pioneer/follower will be levelled out?
6. How do you aim to level disadvantages out?

Closing Questions

1. Since when have you been involved in the brand in this market? -in other markets?
2. If there is anything, which you feel is important to this study but has not yet been mentioned, would you please tell me about it.

Appendix A2

Data Analysis Related Information

A2.1 Other Factors / Limitations - Restrictions

The chief objective of the methodology employed for this study has to be to achieve the research objectives set out in the previous chapter under the constraints forced upon the study by any other factors. These so called 'other factors' also have to be considered in selecting the most appropriate methodology for this study because they also influence and thus shape the research process. In an ideal world the research would be only guided by the objectives but in a realistic research project real world implications and limitations have to be considered from the outset so to incorporate these factors in the design of the study.

The following list gives an overview of what the term 'other factors' may incorporate, some of which also find consideration in the selection and elimination process later on:

- Appropriateness to the objectives sought
- Appropriateness to the information needs
- Appropriateness to the data sought
- Constraints of a general nature
- Constraint arising from the data
- Constraints arising from the study itself
- Philosophical issues
- Academic conventions and regulations

At this stage these 'other factors' are not discussed in more detail because not all of them are necessarily relevant to this study. Those which are of importance to the study are elaborated on at the appropriate stages where they influence the selection process of the methodology or the research process itself. This also follows the guideline, to follow intrinsic factors and introduce outside factors only at the stage when they influence the process, which was mentioned previously.

Besides the factors mentioned above, which originate partly from the study itself and partly from the outside environment, a further implication entered the methodology selection process in the form of the previous research by the author (Becker 1992).

As the context of this study is very much related to that of the previous study on branding in Hungary by the author (Becker 1992) it was felt that a replication of some parts of the 1992 study would be beneficial to this study, as the findings would be enriched by introducing a longitudinal element into the study. This however could only be achieved with a methodology which was in general similar to that used in the 1992 study by the author. The desirability of introducing the longitudinal element into the study was also manifested in formulating it as one of the sub-objectives in the previous chapter.

The selection process therefore had to be a process of elimination with a 'desirable option' in form of a methodology similar to the approach previously used in the 1992 work of the author. This chapter will therefore in its first part evaluate all feasible approaches to the current research problem and discuss the pros and cons of each step where appropriate.

In some cases the choice of methods may be limited or restricted by reasons intrinsic to the study or restrictions forced upon it by the environment, in these cases no selection as such takes place but the necessary option is taken. This process necessarily leads to the methodological approach which is most appropriate to the research problem under the specific conditions under which this study is conducted.

The 'desirable option' initially enters each stage of the elimination process as one possible option. As long as selection criteria or restrictions do not eliminate this 'desirable option' because of being inappropriate or not feasible it will be preferred over any other methodology of similar merit. This preference system is introduced because of the potential gains from the use of the 'desirable option' for the study as a whole.

A2.2 Researcher Bias

The provision of the raw data and a detailed example of the analysis process are to be taken as 'good practice' in studies of a qualitative character in order to shed light on the qualitative analysis procedures. The analysis process would otherwise remain a 'black box', difficult to evaluate in the application of methodology and academic standards. However, it has to be kept in mind that qualitative analysis is a process which is more often than not subjective and influenced by the personality of the researcher, this being an important and constant bias it does not surprise that another researcher,

employing the same analysis technique, may still come to different conclusions from the data provided. This is not a sign for the research and its conclusions being wrong, but for the importance of the multitude of different backgrounds of those analysing the data, which may lead to different outcomes in the analysis.

In this particular study the researcher has not only collected all the data personally in face to face interviews but he also spent a considerable amount of time in the countries which are concerned in this study. The living and observing of every day life and living conditions in these countries has most definitively enhanced the background of the researcher in coming to conclusions and findings from the data which are closer to the reality in these markets than a person who only has access to the raw data and secondary information on the countries in question. Although the background of the researcher does not enter the analysis it has to be seen as an explicit factor and a strong bias towards the subjective reality observed in the markets.

Appendix A3

List of Institutes and Academics Visited

Poland

Gdansk

University of Gdansk
Armii Krajowej 119/121
PL 81-824 Sopot

Prof Dr Stanislaw Kaczmarczyk
Ass. Prof Anna Marie Nikodemaska-Wolowik

Lodz

Technical University of Lodz
Zeromskiego 116
PL 90-543 Lodz

Prof Dr Andrezej Pomykalski

Czech Republic

Prague

Prague School of Economics (VSE)
Winston Churchill Square
CZ Prague

Ass. Jana Kropackova

Hungary

Budapest

Budapest University of Economic Science
Fővám Tér 8
H 1093 Budapest

Prof Dr András Bauer
Ass. Prof Katalina Eibel
Ass. Prof Krisztina Kolos

Appendix A4

List of Respondents

Poland

Benckiser

Stefan Laux
Marketing Director
ul. Chelmska 19/21A
PL 00-724 Warsaw

Coca-Cola

Thomas Krennbauer
Marketing Service Director
Palac Kultury I Nauki
P.O. Box. 13, XX fl.
PL 00-901 Warsaw

Colgate-Palmolive

Jojo C.A. Mulder
Marketing Director
Plac Inwalidów 10
PL 01-552 Warsaw

DDB Needham Worldwide

Jan Kalinowski
General Manager
Ul. Pruszkowska 17
PL 02-119 Warsaw

Dr. Oetker

Hildegard Heilmaier
Marketing Manager
Ul. Adm. Dickmana 14/15
PL 80-339 Gdansk

Henkel

Ronald Ilbacker
Marketing Manager
Helenówek
PL 05-800 Pruszków

Johnson & Johnson

Roger W.G. Southworth
Managing Director - Consumer
Ul. Korkowa 89
PL 04-519 Warsaw

Kraft Jacob Suchard

Renata Świdorska
Business Unit Director Confectionery Department
Ul. Woloska 18
PL 02-675 Warsaw

Lever
Julita Dabrowska
Product Manager
Tomasz Borchowiec
Marketing Assistant
Curtis Plaza
Ul. Komarowa 18
PL 02-675 Warsaw

Master Food (Mars)
Richard Penston
Market Development Manager
Ul. Polczynska 115 a
PL 01-303 Warsaw

Pepsi (Hevelius Brewing Company)
Adam Gosiewski
Executive Marketing Coordinator
Ul. Kilinskiego 1-5
PL 80-452 Gdansk

Philip Morris
John G. Brady
Manager Marketing & Sales
Ul. Domaniewska 39A
PL 02-672 Warsaw

Procter & Gamble
Brenda Bence
Senior Brand Manager
Ul. Sienkiewicza 3
PL 00-015 Warsaw

Czech Republik

BDF (Beiersdorf)
Eva Matousková
Marketing Manager Cosmetic
Kodanská 46
CZ 100 10 Prague 10

DDB Needham Worldwide
Viliam Grác
Managing Director
Orlická 9
CZ 130 00 Prague 3

Henkel
Dr Robert Klos
Prokurista
Stepánská 33
CZ 110 00 Prague 1

Johnson & Johnson
Joan M. Jaeger
Marketing Manager
Pobrezni 3
CZ 186 00 Prague 8

Kraft Jacobs Suchard
Ester Jánosiová
Marketing Manager
Pobrezni 3
180 00 Prague 8

Nestlé
Robert A.B. Combée
Commercial Manager
Celakovského Sady 4
CZ 110 00 Prague 1

Procter & Gamble
Violaine Ripault
Brand Manager
Karlova náměstí 7
CZ 128 00 Prague 2

Unilever
M. Tayfun Öktem
Product Group Manager Personal Products
Petr Skopalík
Brand Manager
Marcela Chládková
Junior Product Manager
V Olsinách 75
CZ 100 00 Prague 10

Hungary

Colgate-Palmolive
Tamás Sütő
Commercial Director
Mészáros u. 48-54
H 1016 Budapest

Douwe Egberts Compack
Theo A.C. Migo
Marketing Director
István u. (Landler Jenő) 23-25
H 1078 Budapest

Henkel
Dr. Jörg Hackenbuchner
Marketing Manager
Major u. 61
H 1119 Budapest

Kraft Jacobs Suchard
Martina Rauch
Marketing Manager Coffee
Budafoki u. 187-189
H 1117 Budapest

Nestlé
Bernard Meunier
Marketing Director
Ybl Miklós Tér 8
H 1013 Budapest

Procter & Gamble
Helga Grosz
Senior Brand Manager
Nagy Diófa u. 11
H 1072 Budapest

Stollwerck
Peter Peeters
Sales & Distribution Director
Vágóhid u. 20
H 1097 Budapest

Unilever
Sven Hamann
Product Group Manager, Edibles
Gogol u. 13
H 1133 Budapest

Appendix A5

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Appendix A6

Transcripts of Interviews

A6.1 BDF, Czech Republic

* BEIERSDORF BDF CZECH REP., 7.6.1994, INDUSTRY: PCP

* DATE OF ENTRY:

BDF started in the Czech Republic with a subsidiary in 1991.

We were the first western cosmetics company to establish a subsidiary in this market.

* FORM OF ENTRY:

Nivea cream was always available in hard currency shops
and since the early 70s also as a licensed product in normal shops.

There is no western brand in our category which has a stronger brand name than Nivea.
However, it was only the cream which was available and known to the people.

BDF decided early that the success of the brand would only be ensured in the future with a subsidiary.

* ORDER OF ENTRY:

We were first in many ways.

Before the revolution we were virtually the only available western brand in cosmetics
and after the revolution we were the first to establish a subsidiary in this market.

All big western companies in the PCP and cosmetics sector have since then established their operations in this market.

* MAJOR COMPETITORS

In cosmetics we are up against Procter&Gamble, Unilever, Henkel, Johnson & Johnson
and in hair care against L'Oreal, Schwarzkopf and Wella.

All western companies in the sectors we compete in who matter are here.

* IMMEDIATE OBJECTIVES

First of all it was to build up our own distribution.

Secondly to increase the awareness of the whole range of our products.

*DISTRIBUTION

Our products are sold in a great variety of outlets.

We have cosmetic shops, drugstores, pharmacies and warehouses.

Increasingly supermarkets
although they are not too important as yet.

We sell to wholesalers
who then sell on to retailers.

Our aim is to cover the whole country
but obviously we have a better distribution in Prague
and the western areas as compared to the eastern parts of the country.

* CHANGES IN RETAIL INFRA STRUCTURE:

The new liberalisation of business has produced an ever greater number of stores
which on average get smaller all the time
which makes distribution increasingly difficult.

Another phenomenon is that the capital of the shops is also decreasing on average
which makes bad debts quite a serious problem.

It becomes a problem for us if the wholesaler is affected through this
and starts to pay late or stops paying us.

This happens more often now than it used to happen.

We now have customers who only get products when they pay cash on delivery.

* PRODUCT DIFFERENCE BETWEEN WESTERN COMPETITORS

They all use different formulas
and it is difficult to tell where the differences are.
In creams there is no better all purpose cream in the world than Nivea.

* PRICE DIFFERENCE BETWEEN WESTERN COMPETITORS

We try to be at the lower end of the western brands.
Most other companies position themselves above us in price
although their quality does not justify the higher price.

* PRICE DIFFERENCE TO LOCAL COMPETITORS

The difference in price to local products is considerable
and again depends on the product category you look at,
but in general we are now at a ratio which is 1 / 5.

* PRODUCT DIFFERENCE TO LOCAL COMPETITORS

The Czech cosmetics industry was always good in producing shampoos and soaps
so these are very good.
Other products have a rather low quality
and can not be compared to western products.

* WESTERN BRAND WHICH FAILED

So far we have only seen new brands coming in and non leaving.
Not all have the same success
but I think everybody is still hopeful.
As most people have recognised that this is a promising market
nobody wants to give up too early
so real failures are not yet visible.

* MARKET READINESS

When we entered the market was ready
and consumers were more or less waiting for many products which we introduced.
We now introduce the more advanced products step by step
to let the consumer adapt to the new products gradually
and take her further once she has adapted to the previous generation of products.
For some products however the market is not yet ready
but this is mainly a question of price
rather than the product itself.
The markets still lacks the purchasing power for the real expensive products.

* PROBLEMS FOR THE BRAND AT ENTRY

Our main problem was that when we introduced the Nivea range we suffered from the image Nivea
had before.
This image was a cheap but okay multi purpose cream.
This image did not correspond to where Nivea stands in the rest of the world
and we had to change that image quickly.
A further problem was that we needed to put up the price at the same time
which wasn't made easier by the 'cheap' image.

* MAIN MARKETING TOOLS

We use mainly advertising on TV
and on Poster sites.
We also advertise a lot in women's magazines.
Since recently we started to give out samples to consumers.

* PRODUCT

Since we produce Nivea cream locally there is a difference to the German Nivea cream.
This difference lies in a different production process
which is more advanced in Germany
and which would be too expensive to have over here.
So there is a slight difference
which you wouldn't notice if you weren't told.

All other products are imported from Germany so they have the original formulation.

* ADVERTISING

Our central office in Hamburg has a vast collection of advertising materials and they let us select what we think is appropriate.

Once we have decided on a campaign we adapt it with our specialists in Hamburg until we think we have the optimum version for our market.

* PRICING

We have the same price level as in Germany for our imported products only the cream which is produced here is cheaper in comparison but only about 10%.

* RANGE

Our range is not as extensive as the range in Germany for example.

We don't have the demand for all the niche products we sell in other markets. It is particularly the expensive products which we have not yet introduced.

* IMPORTANCE OF BEING FIRST

It is very important to be first

in order to establish your brand name as the trademark for a whole category.

For us it was very important to be first in this market

and we achieved what we have relatively easy

because of the fact that we started early.

* ADVANTAGES OF BEING FIRST

When we started there were not many adverts on TV,

so our advertising was very cheap

and very effective at the same time.

We gained distribution relatively easy

because everybody knew our trademark

and not many western brands were around at that time

so we immediately got onto the shelves.

* LOCAL MANUFACTURING

Our previous licensee is now still manufacturing Nivea cream for us here in Czech,

but he now is only a supplier

and he had to adapt to a new formula and the production process

as well as giving up all rights of our brand.

* DISADVANTAGES OF BEING LATE

Any company who came late or would still come would face a market which is already very crowded and very hard.

Right now you have many more brands available than people are willing to buy and any addition makes it more difficult for all of us.

Late comers also had to pay much more for their advertising

as prices have multiplied since we started

so to get the same effect we had at the start you would now pay a fortune.

All the big companies are here now

and I would not recommend to a smaller company to come into this market now

because it is too late the competition is already fierce

and if you are not already in the market you have no chance.

* HOW DO YOU EDUCATE CONSUMERS

In cosmetics we have a lot of education to do

because traditionally Czech women did not use a lot of cosmetics

and we are specialised in skin care

which people didn't do at all,

apart from using some Nivea cream every now and then.

We now do advertising

which is with very long copy

to tell people about their skin and how our products can help them.

We also have little leaflets for our products which explain how they work.

Our TV commercials also explain rather than sell so that consumers understand what the product is for.

* BENEFITS OF LONG TRADITION IN THE MARKET

With Nivea we had a big advantage because virtually everybody in the Czech Republic knew our brand. Nivea was available as the only western brand across the country in all regions. It was immensely popular because it was very cheap and people used it for about everything from the original purpose as a face cream to doors or on cars. When we took over the brand and started to introduce the whole range we were able to build on this brand knowledge. Since then Nivea continues to be a preferred brand by many consumers as our research shows.

* DISADVANTAGES OF BEING FIRST

The disadvantage was that when we took over from the licensee we had to raise the price of Nivea 600% in order to be able to sell it just over our cost base. This was obviously not a welcome change for the consumers and it was very difficult to make this change in this economic climate. The other big disadvantage, maybe the biggest of them all, was that Nivea's image was that of a cheap brand. This obviously was something we had to counter because we stand for quality and that doesn't go well with a 'cheap' image. This all applies mainly to the Nivea cream as all other products were brought new into the market.

* HOW IMPORTANT ARE WESTERN BRAND NAMES IN THE CZECH REPUBLIC

Western brand names are very important and people appreciate western brands for their quality and their image.

* CHANGES ATTITUDE TOWARDS WESTERN BRANDS

I see a change in recent months which is away from western brands back towards local brands. Local brands have improved a lot since western brands first entered the market. Particularly their packaging and also quality has improved many also have now proper advertising and that makes it easier for people to switch back to local products. One has to add that many of the local brands are now owned by western companies but they are still more local than the western brands.

* BRAND LOYALTY

We see quite a lot of consumers who are loyal to our brands, although we would wish that the percentage was even higher but I would say yes, Czech consumers are relatively brand loyal.

* MAIN LIMITATIONS FOR WESTERN BRANDS

In this economic climate the purchasing power of the consumers is the main limitation because people can't afford to buy western brands all the time. In the future once the economic situation has improved I suspect that the main limitation will be the size of the total market which is rather small in the case of the Czech republic, but that is far away in the future.

* WESTERN BRANDS EVERYDAY PRODUCTS

I don't think that many Czech consumers use western products everyday. Some rich consumers surely do,

but the majority I think still can't afford to buy them frequently so they remain something special reserved for special occasions or as gifts.

*** THE FUTURE OF BRANDS IN THE CZECH REPUBLIC**

I guess because of the increasing purchasing power the future looks quite good.

They have a big advantage

that they have enough money to support their activities and sales

which is very important in this market.

They also enjoy a high degree in trust and confidence by the consumers.

I can't see a reason why they should not succeed.

Maybe a smart Czech company in an area will be able to make it difficult for some western brands but this will be single cases.

A6.2 Coca Cola, Poland

* COCA COLA SYSTEMS POLAND, 10.5.1994, INDUSTRY: SOFT DRINKS

* DATE OF ENTRY:

Coke became available in Poland in the early 1930s.

In 1963 the country was split in two areas in which Pepsi and Coke were allowed to be produced under license.

Warsaw and the area around Warsaw and some of the South was Coca Cola territory and The North and West was Pepsi territory.

There was no competition as the areas were clearly defined.

This situation went on until 1989 when the market opened.

The then new government which was more market oriented allowed competition and foreign investments.

Coca Cola would have invested much earlier into the market

but they were not allowed

so they had to join

with local breweries and depend on them.

So Coca Cola had a presence in the market for a long time

but until recently it was not handled the way we would have liked it,

we had no influence on the bottling,

we did not own the trucks

and we had no say in distribution.

Now we own bottling,

have bottling with reliable joint venture partners,

we own our trucks

and we manage advertising

and distribution.

* FORM OF ENTRY:

At that time (1989) then Coca Cola decided to invest 250 million dollars into this market in 3 years from 1989 to 1992.

We set up a systems office here in Warsaw in 1989

and we started to look for joint venture partners.

That was not Polish joint venture partners

but companies who were already joint venture partners of Coca Cola in the West to fund jointly bottling operations here in Poland.

Until 3 months ago we had here in Poland 3 100% Cola owned bottling operations,

2 with joint venture partners from the West,

one from Sweden and the Austrian Brau AG.

All remaining contracts with Polish bottlers have been cancelled and run out in a few months.

We firstly invested into bottling,

then into distribution trucks

and now we invest into people and advertising.

* CHANGES IN RETAIL INFRA STRUCTURE:

The number of retail outlets has increased considerably

and because of our improved distribution we now deliver to more outlets than we ever did in the past.

A lot of mom&pop stores have opened

and almost every corner has some sort of retail outlet

and we have to try to be present in as many as possible

and economically viable.

Some supermarket chains from Germany and Austria now enter the market

and try to set up their operations

but they are not yet of great importance.

It seems that after the current explosion of retail outlets

we will see a concentration process

which may lead as far as a British situation

in which a small number of companies basically control the market.
Many smaller operations will then be forced out of the market.
In the restaurant business we also see a lot of new openings
and a variety of western companies opening outlets here,
Warsaw now has about 5 McDonald's, 3 Burger King, Several Pizza Hut - Taco Bell - KFC outlets
and other operations are coming as well.
The interesting side of this is that Poland had no tradition of people going out for meals
a couple of years ago you had restaurants only in the big hotels for foreigners
because Poles would not go out to eat.
This changes now slowly
and the younger generations pull the older generations along.

* MAJOR COMPETITORS:

Pepsi has been in the market for the same length of time as we have.
They had an advantage because they had the larger territories
and they started some time earlier to manage it with western know how.
They also had modern bottling plants up and running before we had.
However their New York head office was not so quick to decide on major investments
as we were
so we got ahead recently
but now they have released a major sum of money
to take over the bottlers and make them 100% company owned.
Currently they try to cancel their contracts with their licensees in order to gain more control.

* ORDER OF ENTRY:

As I said it's almost impossible to say who was first in the market
we both came originally under the same governmental agreement in the 60s.
Recently both companies went into the other's territory
and maybe you can say that Pepsi was quicker with that
and they got ahead for some time.

* PROBLEMS FOR THE BRAND AT ENTRY

There was not a real problem
if we are talking about branding,
a slight problem was that in the Pepsi regions some consumers saw and still see Pepsi as a generic
term for cola drinks.
Cola flavour is not the most favoured flavour in Poland
and we also have to push our other flavours strongly to get a hold in the overall market.
A problem not so much with the brand was to get the license to sell all over Poland which took a
long time.
Whenever we want to introduce a new product we need a license
and it takes a very very long time to get them.
The bureaucracy in this country is a great difficulty for anybody doing business.

* HOME MARKET STRENGTH VS. LOCAL MKT. STR.

We are stronger now in Poland with a greater weighted distribution than Pepsi
which is also the situation in the USA.

* MAIN MARKETING TOOLS

We didn't do any advertising until 1989
when we started to manage the operations here in Poland.
We mainly use TV advertising to reach the mass market.
A Cola drink is a mass product so we have to use mass media.
We also use some radio advertising
and press advertising sometimes.
We now also use consumer promotions
in order to get people to try the product
and increase its acceptability.
A good way are raffles
and we had one last year in which the first six winners would get a VW Golf.
Consumers had to send in bottle tops of five of our products to take part

and we had 1 million entries.

This was the most successful consumer promotion this country has ever seen.

Now we stick to price promotions

which give the consumer an immediate saving over Pepsi

and that works well on a long term basis.

The result is that we won't take part in the Coke world wide world cup promotion activities

because the Polish consumer rather has a couple of Zlotys of a bottle than a remote chance to win a trip to the USA.

* PRODUCT

The product differs from country to country slightly

depending on the local water

and the preference for sugar sweetness.

All changes are minor but you would detect small differences if you compared coke from the US and Poland.

But if you don't know you don't notice it.

* ADVERTISING

We use only international campaigns

adapted to the Polish market.

We have a vast pool of advertising at the Coca Cola headquarters in Atlanta

from which we can choose what we think is appropriate

and then we produce a Polish adaptation.

* PRICING

We charge a competitive price

just over Pepsi a position we hold world wide.

With price promotions we may be below Pepsi for some time during the year

but in general we stay at a level slightly above Pepsi.

Pricing in Poland is closely related to packaging

because you have to give the consumer a choice of sizes which he can afford

so in western markets we have mainly large bottles

here we work much more with smaller sizes.

If we only had large sizes we would not be affordable to many consumers

an effect we have to avoid.

We try to achieve our preferred margin

and also allow the retailer to get his preferred margin

but that is not always possible

because of the Pepsi price which we have to watch.

* BRAND

The brand Coca Cola stands world wide for the same thing

it's young dynamic and sociable.

However a can of Coke is something more special here than it is in the USA for example.

* PRODUCT DIFFERENCE BETWEEN WESTERN COMPETITORS

No real differences apart from a perceived taste difference.

* PRICE DIFFERENCE BETWEEN WESTERN COMPETITORS

Pepsi has the 0.33 litre bottle which is incredibly cheap

compared to the rest of their range

and even more so compared to us.

The reason they are so cheap with that bottle is that it is locally produced

and they pay next to nothing for the bottle

so they can sell it at a bargain price.

With that we can't and won't compete.

If you compare the rest of the range the positions are as I said at the beginning.

On a litre basis the difference is maybe 10% over Pepsi,

not looking at the 0.33 bottle.

* PRICE DIFFERENCE TO LOCAL COMPETITORS

A bottle of Coke may cost twice as much as a local brand

and in some areas you may even find a regional brand

which costs less than a third of Coca Cola.

* PRODUCT DIFFERENCE TO LOCAL COMPETITORS

There is a huge difference in taste, ingredients and packaging.
Most local competitors are only available in one packaging size most times the 1 litre bottle.
Taste and the look of the packaging is usually terrible
and I rather not know what they put in apart from sugar and water.

* WESTERN BRAND WHICH FAILED

There are some brands which are not doing terribly well
because they are too expensive and they are too expensive
because they are not producing locally.
In our area we have some B brands which can not gain enough momentum to be successful
one is Sinco Cola from Germany which has no real distribution
apart from one small area and the product is bottled by a Polish brewery
and it doesn't look as if they would be able to hold on to the small share of that local market they
currently have.
I assume they will continue to sink some money into this operation
and cut their losses at some point in the future.
I don't really see any strategy
and that is what makes them fail,
they have no image
no distribution
no pricing strategy
no advertising
and that breaks their back in the long run.

*CHANGES IN CONSUMER BEHAVIOUR

Consumer behaviour has changed dramatically over the last two years.
In the beginning when the market opened up consumer were overwhelmed by the choice
and extremely curious
because suddenly everything was available.
They bought things for their image
and tried products they thought were representing western lifestyle.
Now after 1.5 or 2 years things look different.
People have tried a lot of western products
and they experienced that they are not as good as they expected them to be.
This is because of two errors.
One is a marketing error on behalf of the companies who promised things they could not deliver
and the second is the expectation error on the side of the consumers
who expected too much from western products.
This all resulted in a certain feeling of frustration on the part of the consumer.
Suddenly people see that western brands and products are imported
and local manufacturers have to close down
and they realise that they are damaging their own economy.
Furthermore with an inflation rate of 35%pa
the disposable income went down
and real term prices went up.
The resulting changes in consumer behaviour is that people look at their local brands
and are more critical of western products.
When you go into a supermarket and look into trolleys you see people buy 1 bottle of Coke and 5
bottles of a local B brand.
They use Coke when they have guests or a party
and when they are alone they drink the local brand.

*CHANGES IN THE MARKET

Consumer habits change
and this changes the market.
We have recently introduced a mineral water
which is something quite new in Poland
and that has been very successful.

*** WAS THE MARKET READY FOR YOUR PRODUCT?**

Yes I would think so.

Consumption is still increasing
and we still have to fight our battle against the tea,
which is the most popular drink in Poland, and is consumed at any time of the day.
The readiness was less important than the competition which was in place.

*** DECISION TO ENTER INFLUENCED BY COMPETITION?**

Yes and no, obviously the Coca Cola HQ saw that Pepsi was moving on here in Poland
but it took them some time to make the decision to go after Pepsi.
However, when that decision was made a real amount of investment was put behind that decision
which made it possible to catch up with Pepsi
and even become number 1.

*** RISKS AT/OFF ENTRY**

Entering a market with such a high financial commitment is always a risk
and you have to divide between political risks and business risks.
The main risks resulted from the political framework
and the big question was and still is
will there be a switch back to communism
or will the market forces prevail?
The second main risk was company internal
would we find the right partners and employees for the operation?
Infra structure also posed a risk
because it was by no means clear whether we would get our highly sophisticated bottling plants and
the major distribution efforts of the ground in this infra structure.

*** IMPORTANCE OF BEING FIRST**

I think that in our business the first is bound to be market leader
unless, as it happened here, in Poland the first in this case Pepsi does not move fast enough.
We jumped onto the train later
but because of our serious commitment and investment
we beat Pepsi in many areas
and now we are leading the market
and Pepsi will find it very difficult to get back into the lead.
I think for Pepsi the start was easier than it was for us
because they already had higher volumes
and better distribution infra structure than we had at the start.
Once you are in the market the race is on to be first in niche markets
but that is less important because we all have the products in place.
Pepsi beat us with diet Pepsi 2 months
but that's no big deal and the time is too short to really gain an advantage.
By the time they have their product distributed on a wide enough basis
we are there as well
because of our advantages in distribution and central co-ordination.

*** WHAT ARE THE ADVANTAGES OF BEING FIRST?**

As I said before in the restaurant business you can block out your rivals
if you are first to make contracts with the restaurants.
This is of vital importance in our business.
With the free fridge we give to retailers it is a similar attempt in small grocery stores
which do most of the food retailing in Poland right now
but there is no real exclusivity in the market.

*** WHAT ARE THE ADVANTAGES OF BEING LATE?**

When we came to areas where Pepsi was the only cola drink for the last years people welcomed the
change
because they were tired of the things of their past, of no choice
and that included Pepsi in this case.
Pepsi had in some cases a negative image
which was closely related to the communist past.

They were quick in changing that with their initial investment but for some people it remained.

*** COMMENTS WHILE DRAWING GRID**

The consumer has basically two choices
one is the premium products Coke and Pepsi up here in this corner
and down here some B brands
which deliver a different product at a much lower price.

*** WHAT HAS CHANGED/WILL CHANGE IN THIS GRID?**

I don't think anything will change
apart from the fact that some of the B brands will disappear.

*** BENEFITS OF LONG TRADITION IN THE MARKET**

In 1989 we had a brand recall of roughly 25%
and today it is about 78% on a nation-wide basis.
I don't think we had such a benefit
because we were restricted to our area
and in the Pepsi areas only very few people knew what Coca Cola was.

*** FREERIDER EFFECTS**

We learned some lessons from Pepsi
mainly that we should not try to work with a great number of bottlers
who have mainly interests other than their cola business.
A lot of other decisions we made without looking at Pepsi
and , as it seems, we did it right and they did it wrong.
One example is a central office
we immediately set up a central office which co-ordinated all efforts.
Pepsi only set up an office last year, before that everything was attached to the breweries who
handled Pepsi business.

*** DO YOU HAVE A POLICY ON BEING FIRST OR LATE?**

We try to be first wherever it makes sense
but quite often that had to do with politics in the past
and it is very difficult to stick to a company policy or strategy if international politics are involved.
It is also a rule rather than a principle
because we want to make profits
and if that does not seem possible
we are rather second than lose a lot of money.
If we have to make too many compromises
or too heavy losses
at the start we are not going.
We tried to be first in many other markets in central and eastern Europe like Croatia, Bulgaria and
Russia but it always depends on the local situation.

*** YOUR STRENGTHS**

We are committed to our course of action
once we have taken a decision.
We have the strength of our trade mark our brand.
We have a superior product.
We are a good company to work for
and we attract good employees.
We also have the full backup from our world wide operating company.
If I need a specialist for a certain problem he can be here in 24 hours
and he will solve our problem here in Poland
and he may be based in South America or wherever.

*** KEY LEARNINGS FROM COMING LATE**

One key is that you can learn from the pioneers mistakes
and avoid them.
Another lesson we learned is that

with the right investment you can make up lost time quickly.

* IMMEDIATE OBJECTIVES AFTER ENTRY

For any soft drinks business the distribution is a key success factor. We had to gain control of distribution immediately to set up a efficient and effective distribution organisation. First we needed to solve the problem of availability and now we are on the next stage to increase the acceptability.

* OBJECTIVES BEFORE COMPETITION

Our market is divided between the home market and the restaurants business if you get first to the restaurants and make contracts you completely block out your competitor because no restaurant stocks two cola drinks.

So we tried to get to as many restaurants as possible at an early stage and get them into our contract.

Now we try to get into the supermarkets and small grocers.

We give them a fridge in which they are supposed to only stock our products and we also give them POS material.

* DISTRIBUTION

We own a large fleet of distribution vans particularly here in Warsaw which is the main market anyway.

We have such a good reputation as a company that we even have University graduates driving our delivery trucks.

* HOW IMPORTANT ARE WESTERN BRAND NAMES IN POLAND

Western brand names are very important because they stand for quality.

Quality is a very important factor in Poland.

Quality is so important because Poles never had quality for most of the past so now they look for it.

Branding alone however is not enough the products must deliver what the brand promises.

Local manufacturers now start to brand their products and they learned quite quickly in some cases.

They realised how important branding is.

* BRAND NAMES INFLUENCE CONSUMERS?

Consumers have learned in a very short time span that brands stand for something. Some can identify with some messages and images others not.

* BRAND LOYALTY

You do not find brand loyalty in this country.

People don't buy the same brand again and again.

This is certainly a problem if you look at our situation in which we have the highest share of voice

we have the highest recall a

nd good product ratings

still people say they switch between our products and the competition all the time.

I don't think you can create brand loyalty purely through advertising.

Brand loyalty comes with the experience of a couple of years and this needs time to develop.

I told you about the promotion we had last year

after the promotion sales went down considerably

and what we found out was that people bought products to take part in the promotion and with that they preempted purchases for later.

After some time sales went back to normal

but no long term loyalty effect was achieved.

* CHANGES IN ATTITUDES TOWARDS WESTERN BRANDS

Consumers have become much more critical.

When western brands were first sold people would buy them just because they were western

this is over now

and people compare products

and also think whether the western brand is really worth the money.

Cases in which imports from western brands consisted of products which were past their sell by dates certainly didn't help the attitude towards western brands in general

and all incidences got well publicised

and ruined some companies' image.

Polish consumers want to be treated as good as they think western consumers are treated and not different.

They are almost allergic to be patronised.

* MAIN LIMITATIONS FOR WESTERN BRANDS

Western brands need to deliver a real added value for the price difference the charge.

As long as they can't deliver that, they will have difficulties.

The other option is to erase the price difference

western brands would then immediately capture the markets

however that is not possible because of the much higher cost base western brands have.

* THE FUTURE OF BRANDS IN POLAND

Western brands have a chance here in Poland

and if they are careful enough they will succeed.

They need to understand the local consumers

and that is the key to success.

Too few companies now realise how little they understand the Polish consumer.

Western brands in general will continue to play their role

and eventually dominate the market

if they are managed careful they will increase in their importance

if they are in for the short term revenue they may not survive to see the long term.

I think the real surprises will be the local brands

which will gain in importance

and they may even overtake some western brands in the future.

A6.3 Colgate, Poland

*** COLGATE PALMOLIVE POLAND, 9.5.1994, INDUSTRY: TOOTHPASTE**

*** DATE OF ENTRY:**

This depends on what you regard as being Colgate.

Officially we started in 1992

with a sales operation.

But before 1992 we were already very active in the Polish market.

Just after the wall came down we had our Euro-export group working on the Polish market.

During the communist regime we also had exports to the Polish market

to state owned chain shops.

Before the second world war there were also exports

going back as far as the 1930s.

The brand was not important prior to 1992.

The brand in itself meant to the people a western product

which was regarded as better quality than local products.

Before 1992 no advertising was used to promote the brand.

The names of Palmolive Ajax and Colgate were very well known before the wall came down

and in 1992 it was very difficult to improve the awareness

because it already was so high.

*** FORM OF ENTRY:**

Colgate Poland is a joint venture.

The majority stake is held by Colgate mother company in New York.

The joint venture was a completely independent set up.

*** CHANGES IN RETAIL INFRA STRUCTURE:**

The retail infra structure has changed completely

because in the past you could only sell through the hard currency shops Pewex and Baltica.

While now we are more focused on wholesalers than on retailers.

The number of retail outlets in general has expanded

and the number of outlets which are selling our products has also.

There are more different types of retail outlets selling our products.

But our business partners with whom we do business has completely changed.

Most important for us are cosmetic shops

and then kiosks take a relatively high percentage,

followed by chemists which are more important for household cleaners than for personal care

products. Of course you have food stores which are becoming more important

and supermarkets play hardly any role.

Finally there are bazaars which are the open air markets across the city.

A lot has changed in wholesale distribution since 1992.

The quality of retail shops has improved a lot since 1992

and they now realise they need better merchandising materials.

Retailing is not very sophisticated here

retailers do not know what shelf optimisation is.

They are not aware of contribution measures.

They are not loyal and back handlers ensure easy access to shelf space.

This is a market with the highest out of stock figures in the world.

*** MAJOR COMPETITORS:**

There are several depending on each product group,
but the big guys are all there.

Procter & Gamble, Unilever, Henkel, Benckiser.

In toothpaste number one brand is Blend-a-med,

we are number two,

Signal is number three

and a local brand Koala-dent is number four.

*** ORDER OF ENTRY:**

We were on the market already for a long long period
and I think that we are the best known brand for the longest period.
So you can not really say they were before us or we were before them.
If you look which company has been more active with a wholly owned subsidiary it may have been
Procter and Gamble,
but it all depends on the activities for each product.
We all came more or less at the same time in 1992.

* PROBLEMS FOR THE BRAND AT ENTRY

When we exported to Poland we had completely different objectives.
You primarily just focus on your number of sales
and you do not look at the quality of your distribution
but the quantity of distribution.
When we started the subsidiary here we first looked at channelling the product selling,
so we did not want the slow movers from the west
or what everybody requested
but to focus on the major equities.
Between 1989 and 1992 it was the wholesaler's objective to have a western product on their shelves
whatever brand it was.
Our objective was to build the brand.

* ADVERTISING

Media overspill was an important factor
as people in Poland were able to receive western television
therefore they were already aware of western products.
This is a big difference to Russia where people were not aware of western products.
Poles also travelled to other countries so they were really open.
Our advertising is more product than brand focused.
This is because people still have to be educated on specific product features.
If you stop advertising they forget you within one year.
You have to be on air continuously
with new creative advertising
otherwise you are out.

* HOME MARKET STRENGTH VS. LOCAL MKT. STR.

We are funny if you compare us to Procter & Gamble which is very strong in the home market but
not so strong overseas.
We are much stronger overseas than in the home market so its a completely different approach.
We enter overseas markets at a much earlier stage than Procter
and Lever you clearly see that they are strong in their old colonial strongholds
but they don't really follow one strategy across the world.

* MAIN MARKETING TOOLS

This depends on the type of product,
the market
and the stage of the product life cycle.
When we started advertising spend was really important
but now you see more a trend towards consumer promotions
but a vital factor is your distribution.
Dominating all this is if you manufacture local or not
not only in terms of consumer perception
but also for the import duties you have to pay.
We do produce locally.

* PRODUCT

The product we sell is a high quality product.
The product and packaging is completely standardised.
Everything is high quality.

*ADVERTISING

We use western advertising
which works well

and is well perceived by our consumers
we use it with adaptation (Lip synch.)
or re-shooting.

By re-shooting I mean using Polish actors completely re-doing the spot.
But it all depends on the product
and the campaign.

Polish are very critical on advertising
and they don't like western ads with lip synch.

However their TV consists only of films with the worst voice overs you have ever listened to,
one person reading all roles and you still hear the English language in the background.

They are very critical and they recall elements of spots I don't even remember.

You can be very successful with advertising if you really target it to Polish consumers,
they love that.

* PRICING

What is adapting?

I would say it is dictated because we have to make our contribution to our margin,
we have to pay import duties and taxes.

So you reach a certain price level,
as do your competitors.

Then we fix our price.

* IMPORTANCE OF BLACK/GREY MARKETS

We don't define black markets
and grey markets which are the grand bazaars.

These are important for us in some areas

because a large percentage of the volume in these areas are is turned over in the bazaars.
But they are not really our primarily focus.

* PRODUCT DIFFERENCE BETWEEN WESTERN COMPETITORS

They don't differ from us.

We are better but then everybody thinks that of themselves.

We have a different formulation than our competitors
and we are more effective against cavity fighting.

* PRICE DIFFERENCE BETWEEN WESTERN COMPETITORS

There are no real price differences.

You may find differences in sizes
which results in different prices on the shelf
but on a millilitre basis they are all the same.

* PRICE DIFFERENCE TO WESTERN COMPETITORS

In toothpaste it is between 40 - 50%

* PRODUCT DIFFERENCE TO WESTERN COMPETITORS

Local manufacturer really use good ingredients.

They may not deliver the same performance in the end
but you can not call them a bad toothpaste.

* WESTERN BRAND WHICH FAILED

Everybody knows the Wash'n'Go story.

Fairy liquid is a brand which has seen a lot of promotional push
but its figures are very low.

Ivory soap is not very successful.

But real failure no, everybody increases or decreases only slightly.

Procter and Gamble may have used an approach with too much and too strong advertising.

It reminded people of communist style propaganda.

With Wash'n'Go it also was to do with rumours
which helped to destroy its market.

The main marketing mistake however was to take a USP from the West
which was based on convenience

which is not perceived as an advantage here in Poland.

Because nobody washes their hair as frequently as in the West.

The same happened to Fairy liquid.

Here people wash dishes under running water,
if you have a highly concentrated liquid like Fairy its efficiency runs down the drain.

People also dislike the packaging as they think it looks cheap.

There are a lot of things you could have known before you started marketing the products here in Poland.

The Polish market is different in some aspects
and you have to recognise the differences.

***CHANGES IN CONSUMER BEHAVIOUR**

People build up a lot of knowledge about the products.

I think they all discover that western products may be better
but the price difference is not really justified.

This is the most important change I can see.

Consumers are very critical based on their knowledge.

***CHANGES IN THE MARKET**

Competition has not changed

apart from the fact that it is getting more and more aggressive
to become the number one in the market.

The only big change was the local competitor Koala-dent
which has improved their formula.

*** HOW DO YOU EDUCATE CONSUMERS?**

For toothpaste there are different ways.

Firstly through the profession,
through advertising, public relation, leaflets.

*** WAS THE MARKET READY FOR YOUR PRODUCT?**

It is not only a matter of market readiness

but also purchasing power

and whether people know how to clean their teeth.

It all has to do with product life cycle.

The situation we face here today resembles the situation 10 or 15 year ago in the West.

*** DECISION TO ENTER INFLUENCED BY COMPETITION?**

No, I think everybody saw the opportunity

and if you are too late you can forget it.

Although competitors are still entering the market
but they are of the smaller sort.

*** RISKS AT/OF ENTRY**

It seems not everybody realised there were risks.

Everybody jumped in

and only now you see some pulling slowly out again.

I think it is more a matter of coming well prepared to a market
than taking a risk.

*** IMPORTANCE OF BEING FIRST**

It is vital to be first

unless you have so much funds

which you can throw behind your brand.

But it still is a waste of money if you are not number one.

*** WHAT ARE THE ADVANTAGES OF BEING FIRST?**

You start to educate the consumer.

You create the market.

If you make a market by educating the consumers

they will stay with you even when competition comes, although you may loose some.

You effectively own the market

it is your product category.

People will ask for your brand rather than a category description.

If you have a good distribution in place you basically own the shelf
but the problem is do you remain on the shelf?

As long as retailers have no idea to measure shelf value everybody struggles to remain on a shelf
in a market in which daily new products are launched and everybody wants the latest this is difficult.

No brand loyalty from consumers means no brand loyalty from retailers.

Contacts is another important point for gaining endorsements for the toothpaste.

Gaining reference position is one thing,

lasting in that position makes it necessary to maintain the ad-spend.

Lever was a pioneer in some segments,

showergels for example,

and they are still leader

but their share has been continuously eaten up by the second launcher P&G
because they have put a lot of money behind their products.

However, it is easier in a market in which you start of as the number one
than to fight your way to the top.

If you are able to buy a state monopoly and maintain that you are really reaping pioneering advantages.

You have to divide the market into the usual segments and put brands into each of them

but you effectively own the market

and nobody can get a foothold.

With a time advantage of 3 or 4 month you can't really talk of pioneering,
for that you need at least 1 year.

Companies like Wedel chocolates

who have been in the market for generations

they are the real pioneers.

* CHANGES IN MKTG. STRATEGY AFTER COMPETITION ARRIVED

Because we all arrived more or less at the same time

there was no before or after.

There were changes in tactics but no strategy changes.

* COMMENTS WHILE DRAWING GRID

Everybody from the west is up here,

we are the best quality and the highest price.

Here are the local ones.

This is my perception.

* WHAT HAS CHANGED/WILL CHANGE IN THIS GRID?

Some people buy local manufacturing capacity

and they enter the low quality segment with their local brand.

They then introduce a medium segment brand.

We will eventually do the same,

but that is still a secret.

* BENEFITS OF LONG TRADITION IN THE MARKET

For us it only played the role that people knew the brand name
and what quality it stands for.

There also is a risk which we see at Palmolive.

People see it as a brand of their mother

but not for themselves.

You have to be careful that you don't fall out of the product life cycle.

It helps that we have been here longer than Procter and Lever

but our history is too short to rely on it.

If we don't maintain our position we will easily lose it.

* BENEFITS OF PREVIOUS EXPORTS TO THE MARKET

No, I don't see any benefits of that

as the exports were handled by our export division in France or Germany.

People who have an aggressive sales driven organisation may benefit.

A lot changed and many people who were important while we exported lost their position because of entrepreneurs who took over.

* FREERIDER EFFECTS

I don't see it, obviously others can see how we do things in Poland but I think it is more important that you as a company gain experience in Poland which you may use when you roll out in Russia.

I see this as the main learning curve effect rather than companies coming in late and learning from others.

For us every country is handled separately and everybody is alone in his/her struggle

rather than having a big bible in which you can read what to do.

Procter & Gamble has a pretty good blue print of what to do when they go into a new market.

I think companies like Procter & Gamble have a strong advantage there.

The disadvantage is that if you follow the blue print without recognising the local situation you may fail.

* DO YOU HAVE A POLICY ON BEING FIRST OR LATE?

There is no policy at all.

In Rumania we were first

and we own our markets to 100%.

Others follow now and they find it very very hard.

Often I think it has to do with a manager making the decision.

We currently do a little bit in some Russian republics

were opportunities were seen by local subsidiaries to start with an export business and take it from there.

It always has to do with local opportunities.

We were first in Indonesia but not very successful

so we were taken over by Lever

who came later but was more successful.

Than you have great differences if you think of markets like Vietnam or China.

* KEY LEARNINGS FROM PIONEERING

There are a lot of things

but they are not recorded in our company.

The main thing would be to document what happened here

for other roll outs to look at it.

Now nobody has time for it

but managers should record their key learnings every six months and write it down.

If you learn you should communicate these learnings properly.

One key to success is continuity.

You need to maintain your position with new budgets new advertising campaigns and never stop.

Even more important than being pioneer is the continued commitment with funds and support from parent companies.

* IMMEDIATE OBJECTIVES AFTER ENTRY

We were very much sales and market share oriented

but also some bottom line contribution objectives.

Qualitative objectives were to get a local factory

and to set up a really professional organisation.

* OBJECTIVES BEFORE COMPETITION

That depends on your entry strategy.

There is no a single entry strategy which is the best.

We started focusing on manufacturing,

while Lever started with distribution

and P&G with advertising.

After some time we all ended up in the same position coming from different directions.

When for example VAT was introduced we all were hit very hard.

We with local manufacturing had still a contribution

because we had a much higher margin.

But all the money we put into the factory
P&G put into advertising
and Lever into a sophisticated distribution system.
Every time one makes progress the others try to make progress in their way
which means that with different means everybody tries hard.
Now you see different tactics in building strong and efficient distribution systems.
Everybody has a different approach.

* DISTRIBUTION

Unilever have their own vans,
whereas P&G supports the wholesalers by paying for their vans
Unilever has their own merchandisers driving around
making ex-car sales.
We have a contract with a van company
which delivers to the wholesalers.
Distribution still remains the key area to success.
Only with a good distribution you can be in this market.

* DID YOU MAKE IT DIFFICULT FOR YOUR COMPETITORS

I think P&G made it much more difficult for us sometimes
because they know what they have to do
and they are often first in doing it.
We have a different approach we do things when we are 100% sure of them.
We don't make a second step before the first one.
P&G though made some mistakes
because they went too fast and could not deliver what they promised
we make sure we only promise what we can deliver
and build a reputation of reliability
which P&G has lost because of some blunders.

* FREERIDER

P&G started a lot of consumer promotion
and now we join in hammering them.
However you never know if they already have a larger hammer lying waiting.
It is always certain that whatever you do somebody will follow you,
either more aggressive or not,
but that is standard in all markets across the world.

* HOW IMPORTANT ARE WESTERN BRAND NAMES IN POLAND

They are very important.
For one Ajax variety we don't do any advertising
but it sells because of the western name.
Brand umbrellas are very important in this market
because you can easily build a strong brand portfolio,

* BRAND NAMES INFLUENCE CONSUMERS?

A lot of Polish consumers lose their purchasing power
and because the western brands take over local brands it is difficult for them.
People now get good improved local brands for less money than western brands
and it all comes down to the money in the purse at one point.
The future will be determined by what happens to the retailing industry.
Will it be a concentration as in the UK or will it remain diverse?
The improving quality and performance of local brands available at a relatively low price is a big risk
for western brands.
The strategy of many companies is to acquire a local brand with a local manufacturing base
and use that as a weapon to play with price and try to get shares.
If you are able to manufacture at really low cost
you have a lot of opportunities to fight in the market for share and positions
with a low selling price.

* TRADING DOWN

For us not an alternative.

I know Procter and Lever did it in bringing prices down,
but it is not wise to do it.

We know that because Colgate tried it in some western markets.

If volumes go down to counter this by going down with the price you have as a result sales going
down and everything takes a nose-dive
and you completely destroy your brand.

It is very difficult to upgrade again
and all in all a very tricky thing to do.

You can always introduce a second brand for a lower segment
but you must never touch your premium brand.

* BRAND LOYALTY

There is no brand loyalty in the Polish market.

What we know from our research is that Polish consumers try try and try again.

They are still in the trial phase and

they attribute ingredients from Procter to our toothpaste and attribute Lever's with our
characteristics.

This means they rate western brands as very high quality
even overrate the abilities of the products

but they can not yet distinguish clearly between the individual western brands.

Everything that is new is tried by the consumer.

We have been here only for three years

and it is our job to build brand preference and brand loyalty
but it takes time.

You advertise and re-launch again and again

so that the consumers try again and again

and you hope that some day they stick with your product.

* CHANGES IN ATTITUDES TOWARDS WESTERN BRANDS

Consumers are very critical.

They really check if a western brand is delivering its performance.

You see a change in attitude towards labelling

which they now expect to be in Polish.

Some competitors dumped old products

which really hurt their credibility.

* MAIN LIMITATIONS FOR WESTERN BRANDS

The price is the main limitation.

Products need to be accessible for a large proportion of the population to have success.

* THE FUTURE OF BRANDS

I don't see major shifts or changes in the Polish market for the next 2 to 3 years.

A6.4 Douwe - Egberts, Hungary

*** DOUWE-EGBERTS HUNGARY, 22.6.1994, INDUSTRY: COFFEE**

*** DATE OF ENTRY:**

At the beginning of 1991 Douwe Egberts struck a deal to buy Compack one of the two companies of the former coffee monopoly, which had 70% of the total market.

It was quite remarkable because at the time the trade press had already announced that Tchibo our German competitor had already bought Compack and only because one of our board members went to Budapest immediately and agreed on a minority stake

they turned this deal in our favour in less than a week.

We also had a lot more to offer than our competitors

to make this company successful because we don't only deal in coffee and a little bit of tea like Tchibo

but we have personal care products and household products areas in which Compack could grow. Before we did enter this deal we made a very thorough study of the market here, the company and what was possible to do.

*** FORM OF ENTRY:**

Initially we agreed on a 49% joint venture share.

We then subsequently bought 70%

and right now we own 99%

and the remaining 1% is held by our employees.

*** DECISION TO PIONEER**

The decision to be first is a high risk strategy.

The question always is whether your shareholders permit such a strategy.

At the time when we went into Hungary Jacobs was just taken over by Kraft and the whole organisation was in shambles.

Once they saw we were moving into central and eastern Europe and we were making money

they saw that there were other markets apart from Germany and they followed us.

*** KEY LEARNINGS FROM HUNGARY**

Our key success factor is that we took something uniquely Hungarian and our international experience

as opposed to the others coming in with totally new names, brands and concepts.

People can still identify with the product

because it is still Omnia but it is also Douwe Egberts.

I think what is also appreciated is that we are international

and not a German or Austrian cultured company.

*** ORDER OF ENTRY:**

Eduscho was in Hungary since 1990

and also the first which produced locally and sold under a foreign brand name.

For them it was very easy to pick up 15/20% of the market

because it was new and western something exciting.

However, they got their volume mainly from the lower price segments

which was fortunate for us.

*** MAJOR COMPETITORS**

At this moment we still hold 54% of the market adding all the coffees we do.

The rest is divided between Eduscho which is number two in the market, Tchibo, Jacobs, Nestle.

4% of the market are divided between 8 or 10 small roasters

who try to play price competition.

Eduscho is volume wise our biggest competitor

but they are over represented in the lower price segments,

basically they don't make money in this market.

They try hard to get into upper price segments but this is heavily overcrowded with all the other players so they are basically doomed to sell cheap coffee, but cheap coffees make no profits.

Tchibo is still suffering from the frustration that we bought Compack right in front of their nose and they are pumping in money for launches and re-launches and after being here for 2 years they still haven't managed to get more than 7% of the market.

I think they have a make it or break it point coming up very soon when they have to decide whether to stick it out or withdraw.

Jacobs which is now Kraft Jacobs Suchard a part of Phillip Morris conglomerate don't have their act together yet.

They spent an awful lot of money here and they had launches and major re-launches during the last period so they have to come up with an answer shortly.

Their re-launch recently wasn't successful and they also suffer from selling too much low price coffee which amounts to 60 - 70% of their sales.

They have a very hard time here spending loads of money. They currently have a share of voice which is 2 times of ours, far beyond their market share position.

We have to be on the tip of our toes all the time because we have a lot of competitors which may be little dwarfs right now but they could become bigger and take key positions.

Some Italian roasters try to get a grip on the Espresso market but they are too highly priced and too highly imaged.

Nestle has brushed up their old brand 'Franck' which I think they would wish it would do better and I know from their marketing people that they are far from satisfied with the success of their re-launch.

There is also a lot of import stuff around because everybody wants a slice of the cake.

We watch very closely what the others are doing and every attack they start we counter to take the wind out of their sails.

*DISTRIBUTION

The key word here is education.

We try to educate the trade more than any of our competitors.

There is no retailer or wholesaler who can do without our products.

You have to have our tea and our coffee and with that we sell our other products like PCP and household products.

We have a critical mass which gives us a certain sales power.

We do not allow any of our partners to consciously or unconsciously help our competitors when we work our butts off to make their life better.

We are very experienced in shelf management programmes internationally which is an asset nobody else has.

The market at this moment is very unpredictable but in some issues we are light-years ahead from our competition.

We have a marketing and sales organisation which is better than any other in this country and when I say 'marketing' I mean marketing and sales and not some half-hearted sales team like the others may have.

Distribution is one of the key success factors in this market.

It took us about 3 to 4 years to get our act together so we now have to give distribution the same amount of time.

The step to own distribution would be such a risk because once they don't need you anymore they kick you out and that would be contradictory to all our experience in other parts of the world.

So why should we go against that knowledge and try to do things we are not good at.

Companies which now want to beat us in sales and distribution have to intensify their investment in every possible way to get a disproportionate share of the market.

* CHANGES IN RETAIL INFRA STRUCTURE:

I don't think that anybody in the distribution channels has their act together.

The privatisation of distribution takes place in stages and the next step will be the wholesalers

which means some will disappear others will merge and new ones will come in.

Currently it is a jungle out there.

The number of new outlets which have emerged during the last 2 years is beyond imagination.

You find everything between 20 sqm and 2000 sqm stores it is simply unbelievable.

The current state of things will have to change

and the speed at which things will change will depend on how the market as a whole will develop.

If it shows that purchasing power will not go down as fast as it used to be

and if it shows that some large retailers can achieve a decent profit

more will come,

if not, all the big international retailers and wholesalers will put a hold on their expansion

and that will put distribution way back in time.

This would leave us with a very dire situation

in which the state owned system which is kept alive artificially will continue to dominate the system.

* BRAND WHICH FAILED

The re-launch of 'Franck' coffee

which was originally the second monopoly factory with 30% market share

and it was called 'Zamat' then.

ZAmat was confined to the lower quality segment

and they were taken over by Nestle.

Nestle has no concept with this re-launch

and they are too busy with all their other segments like soups, sweets, chocolate and what else they have got.

The re-launch was half-hearted

and they did nothing apart from changing the name

and the packaging of the product.

When they re-launched their coffees we had the largest ever billboard campaign on coffee this country has ever seen

so we outspent them and their advertising went under.

For them it was a total disaster.

* MARKET READINESS

I don't think that it was a question of market readiness

as our products were on the market longer than in any other European market.

When Hungarians had already developed a coffee culture Brits didn't even know what coffee looked like.

* DIFFICULTY OF THE MARKET

The market is very unstable

and decreasing in volume constantly

I expect a further decrease in total volume once the latest price increase comes into effect.

Personally I think it will shrink by at least 10%.

Coffee not only is a product taxed with luxury tax but the product itself becomes a luxury.

According to our calculations a Hungarian works 10 times as long for a pack of coffee than a west European this show how much a luxury coffee is.

The market is totally overtaxed.

Everybody is paying for the inefficiencies of the government.

We are the biggest so we have the most to loose

and everybody is attacking us rather than anybody else.

Many companies are not used to deal with a high inflation situation when they start up a business or want to get a foothold in the market.

* MAIN MARKETING TOOLS

We use all available media mainly TV,

billboards
and press.
Sales promotion
and retail promotion are becoming more important but not a major issue.

*** PRODUCT**

We have improved the quality slightly
but kept very much to the taste it had
because that is what people like and what they want when they buy Omnia.

*** ADVERTISING**

All our advertising is developed here,
because our brands are from here.
We could use DE international material
but we want to keep it local because we are very much a local brand.

*** RANGE**

We have cut down the range because it was by far too big
and we can only sell a certain range of products successfully
and we also have to have certain volumes in our distribution for an item
as well as all the advertising is only worth while
if an item has a certain weight for us.

*** ADVANTAGES OF BEING FIRST**

We made a pre-emptive move
in setting the threshold very high in investing heavily at an early point.
We raised the barriers of entry so high that it is very difficult for others to come in and establish
themselves.
We put up the entry barriers so high that others have a really hard time in following.

*** CONTROL OF SCARCE ASSETS**

We control sales and distribution in Budapest
and in the country side people have no money for expensive coffee
so it is very difficult to move around us.

*** TAKE OVERS OF LOCAL BRANDS**

Omnia our main brand was for a long long time the standard in Hungarian coffee.
You must not forget that we bought coffee brands not just a factory.
The value for us was not that this company had a couple of machines
but that it had a market
and that people recognised the name Omnia.
Omnia was the quality standard for almost 40 years
and everything else which was available was below that quality.
With Omnia we experience that people just don't want anything else
even if you give them coffee which is really a lot better.
When we took over the company we had 1 person in sales, no marketing and 10 customers,
since then this changed quite dramatically.

*** FREE RIDER EFFECTS**

I don't think they benefited from our experience,
we are up against a mainly German culture in our competition
and Germans should not do marketing.
They think what is good for Germans is good for everybody around the world.
They think you can conquer the world with German concepts.
Their taste palette is German,
their advertising is German,
their attitude is German,
their sales approach is German,
their organisational structure is German.

*** DISADVANTAGE OF BEING LATE**

The internationally big companies which are confined to minor roles in this market, like Jacobs or
Tchibo, are so small because of the fact that they were late.

Late in the market or late to make the decision to buy this company.
If they would have come in earlier with a stronger commitment they would have had an easier start and could be much more dangerous to us now.
Jacobs for example never made the decision to put a full swing operation in place they half-heartedly exported a few tonnes of coffee to Hungary and only recently really established an operation here but by that time it was too late in my opinion.

* ADVANTAGES OF YOUR COMPANY

We have the advantage that we also operate in Poland in Czech and in many other markets around the world.

We can draw from world wide resources and get support from all the other operations in this company.

We have a clear advantage against regional companies like Eduscho which is only operating in Germany and Austria.

We have unique experience in selling coffee around the world which no other company has.

We are also a multinational culture company which is a strength of our company.

* HOW IMPORTANT ARE WESTERN BRAND NAMES IN HUNGARY

The important factors in this are added value and disposable income.

The idea of added value comes from the west where people have disposable incomes and here the first question is always can I afford it?

In the west people buy in terms of added value here they buy a price.

This makes it a different story.

Our competitors thought that when they came in that the fact that their brands were western would give them an advantage.

That was not the case because Hungarians were already fed up with all the junk which came into their market with an American flag on so they were much more sceptical of imported products at the time than they were towards their local brands.

At the beginning the American flag and the Uncle Sam image were totally exploited in sticking it on every rubbish which then sold because of the fact that it was supposed to be American, but people realised this very quickly and became critical and sceptical.

* CHANGES ATTITUDE TOWARDS WESTERN BRANDS

People became quality conscious quickly because you must not forget that 5 years ago there was no commercial exploitation whatsoever and in this very short span of time the Hungarians went through all this.

First they are flooded with all these commercial messages and then they get all the rubbish from all over the world and now they are more careful.

In order to convince consumers you have to do so much more because people are so sceptical these days and buy so selective.

The world around the consumer has changed so much during the last 3 years so that they are now very selective in what they take on and what not.

All companies together are wasting an incredible amount of money on advertising because we are all fighting for this tiny amount of money people have left over of their income.

* BRAND LOYALTY

I think that our competitors totally underestimated the loyalty Hungarians had to our brands. They misjudged totally that we were able in a relative short period of time to make consumers loyal to the new Omnia.

* MAIN LIMITATIONS FOR WESTERN BRANDS

If they don't realise that they have to deliver concepts which fit this market they are in trouble.
The concepts which work in the west will not automatically work here.

*** THE FUTURE OF BRANDS IN HUNGARY**

If brands have time and patience they will do very well.

Just pumping in money into advertising is not the solution.

For us it is also a thought, largely philosophical though,

what would happen if we stopped advertising and promotion completely and reduce the price by 10 or 12%

If we would do that Jacobs would be out of business tomorrow.

Do we sell more because of advertising or not?

If brands stay here

and have the stamina

they will do well.

However, they have to do come up with concepts that fit the market

and the needs of the local consumers

and not just copy from the west.

We have to be more creative in convincing customers that there is something more about our coffee than to other coffees

and it has to be tangible and not only hype.

*** FINALLY**

I think that headquarters in the west have no clue what is going on here in these markets.

Wherever they are they do not have any sympathy

that we are in an existing market where we had to build up everything from scratch,

where no organisation was in place

where we had to set up restructure and rationalise the whole business at the same time.

They want the same information flow

and they expect us to go through all the stages the west went through during the last 40 years in just 3 years,

that is very hard to stomach.

I spend a lot of my time educating people here and in our Dutch headquarters.

A6.5 Henkel, Poland

*** HENKEL COSMETICS POLAND, 11.5.1994, INDUSTRY: PCP**

*** DATE OF ENTRY:**

It was early 1992 that we entered Poland with our standard brand FA. Firstly Henkel entered with their detergents business because that is a core business area of the company.

*** FORM OF ENTRY:**

We entered a joint venture with a Polish partner which at the time was a condition to do business in Poland but since we first entered we bought our partner out step by step and since recently we own 100% of the company.

*** CHANGES IN RETAIL INFRA STRUCTURE:**

During the time we have been here the retailing trade has almost exploded and is totally atomistic by now. The retail trade is fixated on new product launches and advertising. Many cosmetic shops only stock products which are advertised on TV and if the advertising stops they will not reorder even if it sold well. On the other hand if we start advertising a new product we have people calling in when they can buy it. If you don't have a re-launch or extension every two or three months retailers loose interest in your product. Advertising is a key factor and only if we advertise the retailers will stock and sell our product. You find only very few wholesalers and retailers who operate rational according to a western profit concept. Many have very irrational ways of decision making, which makes it sometimes difficult but easy if you know how to handle them. Retailing also has typically cash flow problems so if cash is needed you see them selling at dumping prices and you can't explain to them that they have to re-stock for more money at some point in the future. There is a say in Poland that everybody with two legs opens a retail business and everybody with two legs and a car opens a wholesale business.

*** MAJOR COMPETITORS:**

With a full range brand like FA it is very difficult to determine a major competitor because in every segment there is a different brand which is the main competitor in that segment. Generally we are up against all major companies which are present in all western markets like Unilever, Procter & Gamble, SKB, Johnson & Johnson and others. The peculiar situation in Poland is that we have more competitors than in western markets. You find German, French, British, Dutch, Spanish, Italian and more cosmetic companies selling their products in this market. I doubt that there is a single market in the world which has a greater choice of products in such a small market. This situation occurred because first those companies came who always exported to Poland like ourselves than all the others came because they thought they can easily claim the territory for themselves and now we have the third wave of products sold through importers who think they can still benefit from the demand for western brands.

*** ORDER OF ENTRY:**

The order of entry is impossible to determine because of the vast range of products we have which results in a vast number of competitors

and to keep a record of all this in a turbulent market like Poland is impossible. We were certainly amongst the first western companies to enter with PCPs.

* PROBLEMS FOR THE BRAND AT ENTRY

In the beginning we had to import all PCPs from Germany which had a negative effect on pricing because of import duties and the brand FA which is a mass cosmetic product in Germany ended up on a relatively high price level.

However that was a problem not particular to us but all other PCP companies as well. Nevertheless consumers wanted the product and it was not really a problem to sell the goods but to get them into the retailing channel.

* HOME MARKET STRENGTH VS. LOCAL MKT. STR.

We are market leader in Germany but here we have not the long standing tradition we have there which means we have to fight on equal terms with many competitors and there is not yet a clear market leader in PCP in most areas we are amongst the top 3. In deodorants we are market leader, in shampoos we are number 3.

* MAIN MARKETING TOOLS

We use mainly TV which is a Henkel tradition in all markets but we also use some radio, press and poster sites. We use some retailer promotions but not to a high degree. Consumer promotions are difficult to administer and so far we have not conducted to many of those.

* PRODUCT

The products are standardised and whatever we produce here has the same quality as in Germany. Much is imported anyway and therefore has the quality level as in the country it came from. Only in areas where legal restrictions require a change in formulation we have differences to our products in other markets.

* ADVERTISING

We can't work with image advertising as in western markets and we have to address the product advantages more than anything else. But we do start the image advertising in some areas because we think that this is the future and we are the first to go that way. We have to carefully consider which advertising we can use from other markets but we have a mix mainly of international advertising which we adapt carefully and some other advertising which we develop for Poland or central Europe, depending on the product and objective of the communication.

* PRICING

We have to have a relative price parity with the German market because otherwise the grey im & export affects us in one of the two markets. The pricing of our competition also plays a role but we all have the same cost base so the prices are determined through that and that makes it similar across countries. Only products on which we have to pay high import duties are more expensive than in other markets.

* BRAND

The brand is not adapted.
FA stands for the same things it does in other markets.
We did not alter anything to do with the core of the brand.

***RANGE**

We have started with rather small ranges under our umbrella brand names FA and POLY.
Since then we have slowly increased the ranges
and we are now at a stage at which we have almost complete ranges compared to the German market.

Some niche products or niche varieties we don't offer
but basically we have the same assortment range as in Germany with the brands we have in this market.

*** PRODUCT DIFFERENCE BETWEEN WESTERN COMPETITORS**

Product differences are category differences.

In soaps for example there is beauty soap, facial soap, cleaning soap, pH neutral soap, baby soap etc.

For shower gel it is the same varieties and shampoos are similar.

There is a difference in packaging size which is important taking purchasing power into consideration.

Some do 100gr soap bars and small shower gel bottles some don't.

It all depends on the ingredients and all western manufacturers use about the same quality which makes the products similar in quality.

Within a category there are no or very little differences in the product if you leave smell and positioning, branding out of the equation..

*** PRICE DIFFERENCE BETWEEN WESTERN COMPETITORS**

Within the premium segment price differences are small

and that depends on the question whether it is imported or locally produced.

*** PRICE DIFFERENCE TO LOCAL COMPETITORS**

Western PCPs are about 30 - 50% more expensive than local brands.

*** PRODUCT DIFFERENCE TO LOCAL COMPETITORS**

Depending on the product category.

Some local products are quite good like shampoos

but others are not as sophisticated in their formulation than we are used to.

Companies lack in some areas the know how.

Generally I think the Polish products are frequently underrated in their quality.

They just lack packaging and marketing.

*** WESTERN BRAND WHICH FAILED**

Not yet.

Companies can be here at relatively low cost

and if they believe they can be more successful in the future they will stay

because it is not very expensive if you don't have a big operation.

There will be shake out in the future

but it is too early yet.

The Polish market attracted many competitors from many countries

which lead to a situation in which a still small market is divided between many more competitors than for example Germany.

Here we have for example Cussons from the UK which is not present in Germany.

In the long run the market will not be able to carry such a large number of competitors

and some will have to go.

***CHANGES IN CONSUMER BEHAVIOUR**

People are keen on everything new, as described about the retailers,

whatever is new or re-launched or improved or re-designed attracts a lot attention.

Everybody wants only the latest product.

People like to buy western brands

but at the same time they look for added values

and compare prices.

***CHANGES IN THE MARKET**

As I said more and more western companies come into the market and currently markets are still growing slightly which indicates that there is no saturation yet.

This trend will not continue and then the fight for market shares will be amongst the western companies.

*** WAS THE MARKET READY FOR YOUR PRODUCT?**

Again that depends on the product category.

Poles are not used to showers which means they don't even have a word in Polish for shower.

To launch a shower gel in such a market is a difficult operation.

However in the West shower gels are quite important and therefore many companies launched their shower gels in Poland although I would say the market was and still is not quite ready.

The infra structure is not there

which is necessary to use the product

because only 8% of all households have showers and more than 40% take a bath still in a metal tub.

People then take it as a liquid soap for which it is too expensive and not well packed.

Similar with colouring shampoo which is new for this market.

Some people made surprising experiences with colouring shampoo.

For most products however the market was ready

and the consumer was waiting.

We sold things like soap and deodorant from day one

and many consumers were also familiar with more advanced PCPs.

*** HOW DO YOU EDUCATE CONSUMERS?**

Mainly through advertising.

People do read long copy in press ads

and that makes it a good medium to explain and educate.

*** DECISION TO ENTER INFLUENCED BY COMPETITION?**

It was a strategic decision of Henkel to go into central Europe.

As we were amongst the first I don't think the decision was influenced by competitors.

We entered with our strongest brands

in order to gain good positions in these markets

and the competition was not a major influence at that stage I would think.

*** RISKS AT/OF ENTRY**

The risks were maybe political

but in my eyes it was a win/win situation.

Problems with joint venture partners or internal problems occur in every other market so I wouldn't say there were particular problems here in Poland.

*** IMPORTANCE OF BEING FIRST**

You can build an image and an awareness at a time when advertising is cheap.

If you now wanted to make as much advertising as we did during the past couple of years you

would have to spend many times more the amount we spent.

Late comers also can usually not achieve the leading position

if you are continuously working on holding your position.

*** WHAT ARE THE ADVANTAGES OF BEING FIRST?**

You create categories and your product becomes the leading product in this category.

In a market like Poland the work in product categories is vital.

Everything is made from scratch people have blank minds for products brands and differentiation.

We have to present them with a range before they feel the need

so that the choice is in place when they feel the need.

*** WHAT ARE THE ADVANTAGES OF BEING LATE?**

In a market like Poland,

in which the price is a key factor,

you can determine the price in a way depending on the pioneer.

You just set your price slightly below the pioneer
and immediately you will win over a good part of his business.

*** COMMENTS WHILE DRAWING GRID**

Western brands are in this area.

Price is pretty similar of all western brands.

Local brands are down here although there are some exceptions in quality terms which would shoot up here may be.

*** WHAT HAS CHANGED/WILL CHANGE IN THIS GRID?**

I think in the western premium area we will see even more competition.

Both general areas will see a move towards higher prices.

*** BENEFITS OF LONG TRADITION IN THE MARKET**

Our products and in particular FA was well known in the market

because of the fact that Henkel was present in Poland before the war

and during the communist regime in the Pewex hard currency shops.

This was certainly a benefit for us when we came back into the market.

We experienced that in areas bordering to Germany our products were better known
and the brand better established

because of media spill over effects.

The effects were not too important

but could be recognised in research.

*** FREERIDER EFFECTS**

Every advertising effort we make also benefits our competitors.

If we were first with a new product category we also paved the way for our competitors who entered that category later.

*** DO YOU HAVE A POLICY ON BEING FIRST OR LATE?**

This is an area of decision making which is up to the board of directors of the company.

Money factors play a role,

local factors

as well as company internal factors

but wherever feasible we would try to be first

or at least amongst the first.

In many countries in central and eastern Europe we could have not entered earlier than we did
anyway

and for this region our company has decided that we want to play a major role

and that means we were first or early in most of the countries.

*** YOUR STRENGTHS**

We have brands which were and which still are well known.

Our brands are either the leader or amongst the leading brands in their segments

and we are able to maintain our positions

because of the strength of our brands.

*** BLACK/GREY MARKETS**

In our business these markets are quite important

because we find many products which have been smuggled into Poland

which means they are sold at prices which are under our wholesale price.

The problem with that is that we have no control over the quality

and if, what happens quite frequently,

we find out of date stock on black markets it damages our image and our brand.

Currently there is only little which can be done

but it affects all manufacturers not only us.

*** DISTRIBUTION**

We have to deal only with wholesalers

who then supply individual retailers.

This means we have only little control or say where our products end up.

We mainly sell through cosmetic shops and pharmacies although this is different for detergents and cleaners.

We aim to be present at as many outlets as possible with our general products like soap and shampoo.

The number of outlets now consolidates but has increased considerably in the recent past.

* HOW IMPORTANT ARE WESTERN BRAND NAMES IN POLAND

Western products are still something special for the average Polish consumers.

Western brands stand for solid quality and superior performance.

Whenever they deliver that, people accept higher prices, if they fail to deliver they have no chance in the long run.

* BRAND NAMES INFLUENCE CONSUMERS?

You find people buying a FA foam bath as a Christmas or birthday present for their friends or family.

In the West nobody would dare to do that.

People use western brands as a treat for themselves.

The quality expectation is very high and people often overrate western products.

* BRAND LOYALTY

Consumers in Poland are loyal if they are satisfied with a product.

Different to other markets is that people do not think in product range terms as in the West.

In Germany if consumers are happy with one product you will find that they buy other products of that range for two reasons.

The first is they expect that product to be just as satisfactory but the second is that they wish to have proper sets consisting of similar products.

This is here different.

People buy one shampoo a second conditioner and a third soap and finally they use a fourth deodorant.

* CHANGES IN ATTITUDES TOWARDS WESTERN BRANDS

Polish consumers like western brands but they have become more critical.

They want to get the same quality as in western markets

and if they find multi language text in some central European languages plus Russian you find they consider this a special, meaning lower, quality made for these markets.

Many Polish consumers had bad experiences with western companies dumping old and out of date stock onto the market

which lead to a negative reaction of press and media

which made consumers more alert and careful.

* MAIN LIMITATIONS FOR WESTERN BRANDS

Price is the single most important factor

which holds back the expansion of western brands.

The trend back to local brands benefits those which are now western owned

but hurts those which are western premium.

I imagine this is only a trend which will fade

but currently it makes many people nervous.

* THE FUTURE OF BRANDS IN POLAND

If they deliver their promises in terms of quality and reliability they have a good future.

If they are in for the quick buck they will not even make that.

A6.6 Henkel, Hungary

*** HENKEL HUNGARY, 22.6.1994, INDUSTRY: DETERGENTS**

*** DATE OF ENTRY:**

The initial entry with the joint venture was in 1987.

*** FORM OF ENTRY:**

Henkel followed a very careful strategy to enter central Europe. Hungary was selected as the first country to be entered and the initial start was to export to this market.

The second step was a joint venture.

The subsequent steps were to increase the share in this joint venture until we now own 100%.

The strategy was a risk avoidance strategy which means risk avoidance primarily in the choice of countries to operate in and secondly in the choice of capital investment and the legal construction of the companies in these markets.

The strategy in terms of brands was similar, we started with working on local brands

before we introduced our international brands.

This was also risk avoidance in terms of allowing for mistakes to be made with local brands which would be disastrous with our international brands.

*** DECISION TO PIONEER**

The decision to go in as a pioneer was taken consciously because Henkel saw a great opportunity in these markets to grow.

The cascade approach did not harm us in a way that we were not early in other markets because the markets in central Europe ripened at different speed.

We had to build a management force to go into these markets and equip this force with local know how

and that was achieved by the cascade approach.

*** KEY LEARNINGS FROM HUNGARY**

The marketing of consumer brands in western markets is a very sophisticated and delicate process in which you mainly deal in figures behind the comma.

Your impact is almost negligible.

The marketing is so far removed from the real issue that it is dangerously far away from any relevance to the consumer.

Here in Hungary marketing is much more down to earth and concentrates on more essential issues.

I found back to a marketing philosophy which is that only true innovations and advantages are worth the effort to communicate them.

My philosophy is to celebrate the prime benefits.

*** ORDER OF ENTRY:**

Henkel was first,
followed by Lever
and Procter
last came Benckiser.

*** MAJOR COMPETITORS**

Most local competitors have been taken over by western multinationals.

Procter and Lever in the area of detergents and cleaners,

Benckiser in detergents
and in cosmetics also L'Oreal.

*** IMMEDIATE OBJECTIVES**

To achieve awareness
and weight in a market quickly.

Weight with the distribution channel and the consumers.
Achieve a level of distribution
so that advertising pays and makes sense.
At the beginning it is quite cheap to introduce a brand
but it still has to be done quickly and as early as possible
to move out of an area under 5% of awareness where total failure is still possible.

*DISTRIBUTION

Distribution is a key success factor.
Retailing is almost atomistic in this country.
You need good contacts to many customers
and you don't just work 3 or 4 key accounts.
We installed a system where we mainly work with wholesalers
but also have sales men travelling the country.
We work quite a lot with retailers
because the flow of anything from wholesale down to retail doesn't work too well.
Wholesalers have no sales people
and they only take the orders of the retailers
which means we have to create a retailer pull before we can sell to the wholesaler.
In Hungary you find about 20.000 retail outlets
and we can only work with the tip of that iceberg,
most of them are small private enterprises.
The interesting thing is you have to treat them almost like private customers in order to get them to
buy your products for their shops.
If those retailers want something then they ask their wholesaler
and then the wholesaler orders our product.
We cover about 5.000 retail outlets with our sales force
and the remainder with mailings.

* CHANGES IN RETAIL INFRA STRUCTURE:

Retailers do what promises the highest profits.
If a new product is launched and it seems to be well received by consumers,
retailers will stock it
regardless of agreements with other suppliers.
The retailing trade acts to the profit concept in an intuitive sort of way.
You will not find sophisticated systems to calculate margins and profits
but they know what is selling well
and what the margin is on a single product
so they do quite well.
Retailers have a feeling for what they can sell
and at what price
but it is not a situation in which you can argue with marginal net contributions,
but it is developing all the time.

* PRODUCT DIFFERENCE TO LOCAL COMPETITORS

Our policy is to invest in quality
and deliver the same quality standard as in any western market.
The performance difference is quite considerable
but difficult to prove in reality.
The perceived difference is smaller than the theoretical or scientific difference.

* WESTERN BRAND WHICH FAILED

There are a number of brands which have failed in central Europe.
I can't really think of a good example.

* MARKET READINESS

We talked about Persil Supra which came too early
but for our other products the market was quite obviously ready.
It becomes clear when you look at our market shares.
Supra was introducing a new product category
and also tried to change ways consumers are doing certain things.

That means you have to explain a lot and educate consumers.

This is all very expensive and to change the habits of the consumer is almost impossible for just one player in an industry. It is easier when all competitors move into a similar direction. We were also unable to completely explain the new benefits to the consumer and the infra structure of consumers was not there. 50% of Hungarian washing machines are not capable of using Persil Supra so it was a number of factors which lead to a level of sales which is so low that we will not continue it.

* DIFFICULTY OF THE MARKET

New products or product introductions can throw a whole market structure into total confusion by achieving high market shares and damaging positions of the more established brands in different ways. In Germany everybody is upset if market shares change behind the comma, here you may fall from market leadership into unimportance in no time. Markets are still extremely fragile and elastic.

* MAIN MARKETING TOOLS

Advertising above the line is our main tool. We spend most of our budget on TV and use other media only as a topical supplement to our TV but not as something which carries a lot of weight. As secondary media we use poster sites and some radio but it's not too important. We don't do any retailer promotions but we give rebates in form of free products or gifts. Direct incentives work much better with the retailers than the remote chance of a prize win.

* PRODUCT

We produce most of our products locally. The quality is comparable and only the product appearance differs from western markets. An example is detergents in which we still sell mainly big box powders and no concentrated versions because the consumers have not yet made the step to understand that a concentrate is more convenient but gives the same performance.

* ADVERTISING

We produce a lot of campaigns specially for central European markets. I personally think that these campaigns are at least as good as west European campaigns if not better. We have also used some international campaigns here as well but they are not as well received as those we produce here. International campaigns are not as relevant to the life style and the needs of central European consumers as those we produce locally. We stress the brands in our commercials quite heavily because we start from a very low level of brand awareness in general and a low level of brand saturation. I think that western life style commercials which don't show the brand have no justification in this market.

* PRICING

We have to increase prices three or four times a year because of the inflation but it is each time only an adaptation of the inflation rate not a real price increase.

* RANGE

Our range is much smaller than in western markets because many of the products we sell in western markets are not suitable for this market and have no relevance to the consumer's needs in this market.

*** ADVANTAGES OF BEING FIRST**

Well, the first always has the advantage that he can introduce systems as he likes them. An example would be the contact to retailers.

The first can implement his retailer contact system as the standard, which means that pricing and rebates, deliveries and selection criteria become the standard.

On the other hand this means that you have to do a lot of educating but only the pioneer has the chance of introducing his favourite system.

This applies also to the consumer,

the pioneer has the chance of an empty space which he can fill as he likes it.

Therefore we have introduced many standards in dealing with agencies, suppliers, media etc.

In all areas where we came into contact with other institutions companies or people we introduced western industry standards.

Thus we were able to be beneficial to the economy as a whole, although we did not patronise

but we held workshops and meetings to find solutions which were positive for all parties involved.

We have benefited quite considerably from being able to introduce our standards and our systems in this country.

However, with the consumer we were not really able to achieve a better position because of being first.

We still have advantages of having been the pioneer in those segments which we introduced to Hungary.

Those segments which now go by our brand name.

Apart from that the pioneering advantages are lost with the consumers.

Some pioneering advantages were lost

because the followers came to close after us into the market.

We had not enough lead time to really benefit from our pioneering advantages.

The consumer has not experienced our entry as that much earlier,

so we are not entrenched in the consumer's mind as a pioneer.

He has experienced all brands coming in at roughly the same point of time.

We made a good choice with buying the brands and factory which we bought and I am glad that we bought it and not the competition,

if you want to count that as a pioneering advantage.

This is actually something which will remain important throughout the future.

*** IMPORTANCE OF BEING FIRST**

Now there are not many viable companies left which are to be sold,

if you came into the market now there would be nothing left in our segments

so being here early was beneficial in that respect.

*** TAKE OVERS OF LOCAL BRANDS**

Many experts were quite wrong with their prophecies on the importance of local brands.

We made a good choice with our local brands

and we now have a great advantage from that.

*** BENEFITS OF LONG TRADITION IN THE MARKET**

Persil had a good brand awareness

even before we started in this market.

It was still known from before the war

and from hard currency shops.

*** DISADVANTAGES OF BEING FIRST**

The pioneer has the disadvantage that he has to invest a lot of time and effort until his systems are in place.

The follower only needs to copy what the pioneer has achieved

and can be up and running much faster.

*** DISADVANTAGE OF BEING LATE**

Procter has no local brands

because when they arrived they were all gone.

This is a distinctive disadvantage for them

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as they have no brand in the lower price segment.
In the medium segment they introduced their central Europe brand TIX
which is a brand they have to import
which means they have to pay a lot in customs duties.
More severely is the fact that this brand means nothing to the consumers
which means advertising has to create a brand
just as in the premium segment
but the margin is not as high as in the premium segment
which means that it is quite difficult for them to be profitable with this brand.
They run into serious problems if customs regulations are imposed and they can only import
according to certain quotas.
Procter is quite restrictive in their commitment to this market
and the range of brands they introduce
because they know that they can't serve the market once customs regulations get tougher.
They will remain limited in their options in the future
as long as they have no local manufacturing.

* SETBACKS

We haven't had any setbacks or made mistakes because we were first.
We have made mistakes but not related to the fact that we were pioneer.

* HOW IMPORTANT ARE WESTERN BRAND NAMES IN HUNGARY

That differs a lot within different product segments.
In our segments it is between 20 and 30% in value.
I think brands have a much higher prestige value than in other countries.
People are proud if they can afford a Persil detergent or
they give each other FA deodorants as a Christmas present.
The image value has a much higher importance in Hungary than in western markets.
However on the other hand
the mistrust
and the scepticism
at the promises brands make is, as a tendency, higher than in other markets,
but I believe that this is something particular Hungarian.

* CHANGES ATTITUDE TOWARDS WESTERN BRANDS

Consumers have become disillusioned over time.
Consumers have noticed that western brands look better
but do not perform that much better.
You could say they are back on the grounds of reality
after a flight in fantasy
of what they thought western brands would be or do.
You have to see that the brands on the lower price levels, which have been taken over by western
companies, are up-graded and re-launched all the time,
so they increase the pressure from the bottom.
At the top of the range you find new western brands all the time
and the gap between western premium brands and local brands shrinks all the time
and the motivation to buy a western brand diminishes
because the local brands can now offer a performance which was initially only offered by western
brands,
but they do it at a much better price.

* CHANGES IN THE GRID

The three price segments we currently have will stay,
but I can imagine that they move closer together upwards
and that some brands will move from one segment into another in an upward direction.
In the premium segment you will find new brands line extensions and innovations.
Some international brands which have not yet been introduced will come.
In the medium segment you will find more central European brands
which will be sold by western companies,
but only in these markets.

* CONSUMER BEHAVIOUR

The risk of buying a western brand is much higher than buying a local brand. The pricing of western brands is similar to western markets so in local currency you have enormous prices and in compared purchasing power you price at a level which is a multitude of the western level. This results in a much higher purchasing risk but also in a much higher expectation. You don't fight with other international brands which differ about 5% in price but you are up against local brands which cost only half of your product. If somebody usually buys Tommy detergent and now thinks whether he can afford Persil at a price twice of what Tommy costs he buys Persil with an extreme expectation of what it will do for him. His expectation of performance will be disproportionately higher for the premium he paid. He probably expects something which is close to a miracle cure. Unfortunately reality can't fulfil this which makes it in many cases much more difficult for western brands because the performance which people expect can not be delivered. Particularly in detergents a better performance is very difficult to experience so that the real experience which was predetermined by a high expectation has to be disappointing. We tried to introduce the concentrated Persil Supra recently but we did not achieve a viable level of market share. This was not a matter of lacklustre marketing or little commitment but the relevance of a concentrated detergents is not yet there. The consumer still thinks value for money is visible in the size of the box. In western markets you find that many innovations are in packaging or minor adaptations which amount to nothing or little at best. Here you need real product innovations which really give better performance to convince the consumer.

* BRAND LOYALTY

As opposed to western markets Hungarian consumers are not loyal. The brand loyalty is not well developed in this market. However, this is understandable if you think that people came here and promised heaven on earth. The consumer may try this if he can afford it. However, consumers are not shaped by a very long presence of brands so they try if something new comes along. This means that it is still relatively easy to conquer markets and achieve positions. The cards have been shuffled but they have not yet been given out.

* MAIN LIMITATIONS FOR WESTERN BRANDS

Most important is the purchasing power. We don't realise higher margins than in other countries and the production process is not much cheaper than in western markets, which means we have not much room for manoeuvring in price. This means we have to ask a certain price which can only be afforded by a small group of people. This gap is a very strong limitation for us.

* TAKE OVER OF LOCAL BRANDS

We have done this very carefully and the transition of our local brands was one of my most important responsibilities. We have taken over the brand Tommy in September 1993. In upgrading the brand we were very much aware and respected the tradition and the history of the brand. It had at the time 25 - 30% market share and was market leader in the detergents sector. We did not want to put all our western marketing know how

into a slick western style re-launch
but we wanted to do it carefully
and over a longer period.

The current stage is already the second stage
and the first stage was much more basic
and a continuity of what this brand was before we took it over.
During our time we up-graded the brand in all factors of the marketing mix.

We designed new packaging,
developed new communication,
improved the quality
and increased the margin of the retailer and wholesaler,
we also introduced POS materials
and increased prices very carefully.

We also reduced the range
and concentrated on the important products under this brand
to focus on the best selling products.

The whole process was extremely delicate
but it taught us a lot on local brands
and consumers.

In our view we were very successful with Tommy.

Since we took it over the market share has grown constantly every quarter
which is a very positive sign.

You have to remember that we increased our market share despite the competition became harder all
the time.

At the time we took over Tommy
Lever did the same to Biopont and their other brands
and many more western brands were introduced
so we are quite proud on what we achieved.

* THE FUTURE OF BRANDS IN HUNGARY

The process goes into one direction that is no question.

The only question is how long it may take.

The other side is that so many factors influence this development process
which makes it difficult to foresee the speed of any developments.

A6.7 Johnson& Johnson, Czech Republic

*** JOHNSON&JOHNSON CZECH REP., 8.6.1994, INDUSTRY: PCP**

*** DATE OF ENTRY:**

We started the business of the consumer side in May 1992.

We started with ob tampons and J&J baby care products, since then we introduced 5 more brands to the market.

We aim to introduce 1 or 2 brands every 2 or 3 month over the next year or two.

Because Johnson&Johnson has such a wealth of brands.

*** FORM OF ENTRY:**

We have in this market two divisions the consumer division and the professional division which sells to hospitals and doctors.

The advantage we have here is that we work very closely with the professional division and we get their clients to endorse our products.

In the states you would know that the other divisions and subdivisions are part of J&J but you would have no interaction.

We sold some articles, although only a few through hard currency stores but mainly the baby products.

*** ORDER OF ENTRY:**

Tampax is our most important competitor in tampons, they were one year earlier than we were.

In baby cosmetics we were first.

*** MAJOR COMPETITORS**

Tampax in tampons,

Zwitsal and Nivea in baby cosmetics,

and all other big western companies in PCP like Procter, Unilever, BDF etc.

*** IMMEDIATE OBJECTIVES**

Immediate objectives were to establish the company name as well as the two brand names we had at that time.

It was important for us to establish Johnson baby products, gain trust

and establish the quality of the brand.

Because once you have consumers trust your brand you have almost won the game.

***DISTRIBUTION**

We mainly sell through drugstores

not so much through pharmacies.

The understanding of business rules within most small stores is very little.

All the stores are either new start ups or newly privatised.

They have sold tyres last year and this year they have a shot at cosmetics.

They have very little knowledge of a profit concept

or an idea of margins on one product versus another.

They are just not used to thinking in profit terms

and that makes it a constant battle.

*** CHANGES IN RETAIL INFRA STRUCTURE:**

The changes have been quite frustrating

and not at all what we would have expected.

When we came into the market we knew very little

and had very little research data too.

We had an idea of how to approach it which wholesalers to talk to

and we also expected that distribution would be quite difficult for the first six month but would then become easier.

Now after 2 years we are still struggling with distribution,

mainly because the number of retail outlets has increased rather than decreased.

At the same time the turnover per client has decreased
which means we have more smaller customers today than we had 2 years ago.
This is very frustrating from a logistics point of view.
Because they are all independently owned
we all have to approach them separately and introduce new products to every mom and pop store
across the country.
Each of them then decides individually to take it or not,
each of them is a decision maker.
In order to gain distribution you need to demonstrate that the brand is supported with advertising.
Other important factors in retail are trade promotions,
sampling
and consumer promotion.
Some shopkeepers are loyal to some western brands
and others are not.
We were quite lucky so far in keeping the distribution we earned.

* PRODUCT DIFFERENCE BETWEEN WESTERN COMPETITORS

The quality of our products is slightly better than those of our western competitors.

* PRICE DIFFERENCE BETWEEN WESTERN COMPETITORS

Johnson lies slightly under the western competitors in price.

* PRICE DIFFERENCE TO LOCAL COMPETITORS

We are up to 5 times as expensive as a local brand.

This means we have to convince a lot of people across the chain to sell or buy our products or even
to give it a shot.

* PRODUCT DIFFERENCE TO LOCAL COMPETITORS

Our products are a lot better than local products.

In shampoos you would need much more local shampoo to achieve the same degree of cleaning as
compared to our product.

In hygiene paper the number one brand is the lowest quality you can imagine selling at the lowest
price,

which has to be increased once the company becomes private
because they can not possibly make a profit at that price.

* WESTERN BRAND WHICH FAILED

I think there are a lot of failures to be quite frank.

I would say not failed in a sense that they pack up and go home,
but they have not performed near to the expectations of the company for sure.

Procter & Gamble's 'always' was introduced in November 1992,
they spent heavily on advertising,

they sampled extensively,

they pushed it through distribution on the back of Ariel,

but it failed because it never went above a 1.4% market share and now it is at 0.7%.

They introduced it as a high priced premium product more than 5 times the price of the highest local
competitor.

They did say on TV why it was so good and they gave out samples for people to see for themselves
but it just didn't work.

Another example is Sara Lee's Zwitsal Baby cosmetics which is very much modelled in packaging
and price on our own baby range.

But they have not achieved any success.

The problem is they are basically a me-too.

If a small mom&pop decides to carry an expensive western range of baby cosmetics they take
Johnson in most cases

because they know the name

and they understand the brand.

Although Sara Lee is quite successful with other products they have no clout in cosmetics
so they are not getting very far.

Their distribution is minimal even in Prague
and non existent in the country

and they have a real hard time.

* MARKET READINESS

I don't think readiness is appropriate.

From the absolute standpoint of consumer purchasing power the market is still not ready for our products.

Because of the quality of the ingredients our products are more expensive, but if you wanted to wait until the economic situation has reached western levels your brands will be dead because everybody else will have carved out their niches and you have no chance.

The market wasn't and still isn't ready but we have to make it ready.

* DIFFICULTY OF THE MARKET

The key to the difficulties to begin with is distribution

we spent some money on advertising probably before we should have,

in the states you would not advertise on TV before you have a distribution level of 60% because you would advertise to empty shelves, so what's the point.

Here we advertise significantly earlier,

mainly because we advertise to the shopkeepers to carry our products.

A very expensive way to gain distribution, but unfortunately we have no choices.

* MAIN MARKETING TOOLS

Advertising is important

but I would not rank it as number one.

Trade promotions are very very important.

To link trade promotions and advertising is the key to success.

* PRODUCT

All our products are imported

and made to standard formulas so the quality does not vary.

Only the labelling on the products is adapted to local regulations.

* ADVERTISING

We tend to use international campaigns

because if it sells good in other markets it will also sell good here.

The advertising usually has a universal quality and most of it is adaptable.

We sometimes have a problem with commercials which have a very strong sales pitch, in this market it is better to use soft sell and give them a good solid reason why but you don't need to hit them over the head with it.

* PRICING

Pricing is a country by country decision which I appreciate.

The environment in central Europe is so different between Poland, Hungary and the Czech Republic so that it is necessary to have different pricing.

In Hungary for example we charge about 20% more than here.

Looking at the local competition we want to be at a position which we call a 'reasonable premium' so that very much defines where we end up in our pricing.

International brands also play a role in where we position ourselves but mainly the local brands.

* RANGE

The range is not yet fully introduced to the market

but we are introducing new brands and brand extensions pretty frequently

so it should not be too long before we have all the appropriate products in the market.

* IMPORTANCE OF BEING FIRST

In baby cosmetics on the other hand we were first which is of crucial importance to us.

The baby cosmetics range which carries our name is our flagship brand.

From the baby platform we launch all other brands

so it was important to us to get that right in this market.

* CONTROL OF SCARCE ASSETS

We were the first with baby cosmetics so we got all the sampling boxes in hospitals for young mothers.

This exclusivity is for us very important.

Particularly Nivea tried to get in there but they couldn't.

Because we were first in many areas we still have an advantage in the small stores.

If they decide only to carry one international brand they already have us so it is difficult for others to gain access.

We make it hard for them not to carry us as opposed to other international brands.

* ADVANTAGES OF BEING FIRST

As the tampon market here is completely underdeveloped this was a severe disadvantage.

Tampax had developed the whole category here

and they also had achieved a relatively high level of distribution.

Because the category was not so successful retailers did not see the huge demand and did not want to stock another tampon.

That made it really difficult for us.

Having been first in baby cosmetics two years ago does not play a big role for consumers

but the better recognition we have achieved because we have been around for longer still helps us.

* LOCAL MANUFACTURING

If they can get the local input to their products,

if the local input can produce products on the level which is required by their western guidelines.

I think that the western companies who have facilities here have a hard time doing that.

In fact I think that in the final analysis a lot of them found that it costs them just as much to make a product here than it would in Germany

because the raw material have to be imported and that means no price advantage.

* TAKE OVERS OF LOCAL BRANDS

In the paper business you have Mölnlycke a Swedish company who has bought a Czech company and changed their brand to 'Libresse'

which is their brand throughout Europe.

In the transition they improved quality

but also they increased the price pretty substantially

and then the market shares started to go down.

It has now stabilised but they went from about 25% of the market down to around 15%.

'Hartman' from Germany took over a brand called 'Rico'

and they are still one of the best selling brands

but they kept some of the products at the low price point

and at the low quality,

the same it always was,

but those are still selling the best for them.

They are now using that as a cash cow to support their premium brand

which is of west European quality

* DISADVANTAGES OF BEING LATE

In tampons I don't see it as a huge disadvantage anymore.

If you would have asked me last year I would have said yes it was a huge disadvantage.

It took us probably some extra effort

but once we were able to show what the difference is between ours and Tampax it was okay.

Once we demonstrated to the retailer that ours were much more demanded by consumers we got our distribution.

We really had to convince retailers to take us on

but not so with the consumers.

Once our product was available it was immediately preferred.

The biggest challenge in that market is not Tampax

but to grow the whole segment because it still very small.

* HOW DO YOU EDUCATE CONSUMERS

We do a lot of work in schools.

We provide teachers with materials like books, posters, overheads, to base their lessons on and we also provide free samples for classes.

We benefit from J&J Germany who has achieved perfection in this education support over many years.

For us now the 12 year olds are the consumers of the future.

* HOW MAKE UP FOR LOST GROUND?

We made up for it because our product is simply better.

We have better quality and also an advantage in product design.

Tampax also has two disadvantages which are limited resources

because they are a relatively small company

and also the fact that they work through a distributor

and have no own sales people in the country.

They just lack the leverage.

Tampax is also a one brand company

so they have a disadvantage that they can not use the leverage of a good brand portfolio to help one brand which needs support.

Time has made a big difference for us

and we are much stronger now.

* BENEFITS OF LONG TRADITION IN THE MARKET

In baby cosmetics we were present in the Tusek hard currency stores,

but that gave us only a sort of ghostly recognition by consumers.

So we had not really a great advantage.

* DISADVANTAGES OF BEING FIRST

To a certain extent we were first in that category

charging such a high premium that consumers were wondering how can this possibly be worth that much.

Now having more western brands at the same price point people are less likely to think you just want to rip them off.

This was certainly a disadvantage.

We also had to do a lot of educating

because people wouldn't know what to do with the talcum or how to use the baby oil etc.

That is just the way it goes.

You build a category you build it for everybody.

You are first you build a reputation

and you can count on that later.

* FREERIDER EFFECTS

Tampax who was first has now started a similar programme in schools to educate young consumers.

* HOW IMPORTANT ARE WESTERN BRAND NAMES IN THE CZECH REPUBLIC

They are important, yes.

They do carry some weight,

but it is dangerous to assume that allows you to do everything price-wise.

People are very sceptic in terms of quality and price.

* CHANGES ATTITUDE TOWARDS WESTERN BRANDS

There is an attitude and I would called it a mixed attitude.

In some ways there is a lot of respect for western brands,

but in general they are sceptic

and suspect that you are asking too much money for what you offer.

They also wonder what is the big difference between that local brand

which may cost only a fraction of the western product and the western brand.

If anything this scepticism has increased during the last two years

because of the ever-growing number of brands available.

*CHANGES IN CONSUMER BEHAVIOUR

Czech consumers are quite sceptical to pay extra for western brands.

Once they have tried our products they see for themselves that the quality difference is huge compared to the relatively little difference in price.

On an item by item basis consumers judge whether it is worth it or not to buy the western brand.

* BRAND LOYALTY

Brand loyalty is not very well developed.

You see a lot of consumers trying all the different brands.

Trying to find out what the differences are for themselves.

According to our research over a third of consumers find it risky to be brand loyal because they wouldn't know what the other brands have on offer.

And every week you can find new offers in every product category, so maybe in three years from now you will find brand loyal consumers.

* MAIN LIMITATIONS FOR WESTERN BRANDS

Price is the only factor here.

This can also be a significant advantage to companies who produce locally.

If you can sell at a price point close to local brands you would have a significant advantage.

* WESTERN BRANDS EVERYDAY PRODUCTS

Not yet.

Right now, our research shows, that they use our products on an occasional basis.

Some of our products are very popular gift items.

Our products remain something extra special and have not entered everyday life routine.

This is partly a price thing

because of the out of pocket costs in comparison to local brands

but it is also an attitude thing with western brands still being something of a luxury.

* THE FUTURE OF BRANDS IN THE CZECH REPUBLIC

The future will be a strong future for western brands

because the brands are strong.

But it's still going to be a long way.

I know that the local brands are still very strong

and it will take time until the No. 1 western brands will also achieve the No. 1 position in this market.

I think it's a long road ahead

but well worth it.

The next one or two years will still be very difficult in winning consumer loyalty

and to remain in the market

but we have pretty good chances of succeeding.

People have started to re-evaluate their expectations

and have realised that it is not such an easy game after all.

A6.8 Johnson & Johnson, Poland

*** JOHNSON&JOHNSON POLAND, 8.6.1994, INDUSTRY: PCP**

*** DATE OF ENTRY:**

Johnson&Johnson entered Poland with consumer products about 1990.

*** FORM OF ENTRY:**

Initially some of our products were available through Pewex stores.

This was dealt with through our export department.

We have started to sell professional products in Poland for 10 or maybe even 20 years.

Traditionally J&J markets professional medical products and consumer products.

Poland was one of these markets in which we had the base of the professional division and it was very easy to put the consumer division on top of that operation.

One of the Johnson&Johnson founders was married in his late age to a Polish lady and when he died she became extremely wealthy

and she got a lot of publicity in Poland from that which also made the brand name very popular.

*** CHANGES IN RETAIL INFRA STRUCTURE:**

The number of outlets has grown during recent years and the first western chains are entering the market.

A concentration process will soon start.

*** MAJOR COMPETITORS:**

Procter & Gamble, Lever Brothers and L'Oreal depending on the product segment.

*** ORDER OF ENTRY:**

During the early 90s all major players came into the market around the same time

and there was no real difference in time.

*** PROBLEMS FOR THE BRAND AT ENTRY**

We did not encounter any particular problems and because of the presence in the Pewex stores we had a relatively easy start with our brand.

*** MAIN MARKETING TOOLS**

We use all marketing instruments in classic communication and below the line instruments as well.

A lot of what we do is trade promotions and trade incentives.

You need consumer pull so mass communication is key going hand in hand with consumer promotions.

Advertising and particularly TV will always be the areas where we spend most of our budget.

But the product must be right

if the product is not good it will not be successful in the long term in spite of any fancy promotion or advertising.

*** PRODUCT**

We work to world wide formulas

and the products are completely standardised.

Many products we import from factories in the west so the quality of the products is undoubtedly the same.

*** ADVERTISING**

Some executions are localised

although the campaigns are international.

The question what we use and how we use it depends on the availability of suitable material from other markets of the world,

budgets

and objectives.

Ideally we would use only international material to save the expense locally.

However you can produce a 25.000 \$ commercial here which is really cheap

but because you deal with people who have not much experience doing commercials you don't know whether you get a usable spot at the end.

* PRICING

Prices here are below prices in the west albeit only slightly.

We have to take the low purchasing power into consideration as much as we can but obviously we have margin and cost to cover.

* BRAND

The brand remains the same throughout the world although some advertising towards this brand may be localised.

*LOCAL MANUFACTURING

You can't produce to your world wide standards and be cost effective in a market for only 40 million people of which a majority can't afford your products.

This however results in a huge barrier which is importing and customs regulations and taxes, duties etc.

* WESTERN BRAND WHICH FAILED

I can't see any yet

but you must not forget we are in a marathon here and we have just left the start so it will take some time until you will see people falling back and leave the race.

* CHANGES IN CONSUMER BEHAVIOUR

Consumers have become more critical

and they don't just buy western brands anymore because they are western.

Western brands have to deliver added values and relevant benefits more than ever.

* DECISION TO ENTER INFLUENCED BY COMPETITION?

We were one of the first

but it is always the same if you see your competitor going some place you think that you should be there as well in case you miss the boat.

So in places we are not first we will follow quickly if somebody else makes a move.

* RISKS AT/OF ENTRY

Sometimes however you may ask yourself why am I first

and the answer is that others have looked at the opportunity and found that there was nothing there.

* IMPORTANCE OF BEING FIRST

It is important

and if it is done right it pays.

At the same time the pioneer attracts competition by doing his job good.

Despite all freerider effects and disadvantages of being first

I still think that it is better to be first than it is to be second.

* WHAT ARE THE ADVANTAGES OF BEING FIRST?

You encounter much lower media costs and products have a much higher novelty value.

You also have a pent up demand which you can satisfy if you are first.

At the beginning people also have cash available for these products because they are something really new.

You do have a holiday as long as you are on your own

the mere fact that you have an infra structure in place gives you a tremendous advantage until your competitor has his in place.

Being the reference brand in your categories is also one of the core advantages of the pioneer.

You are the architect of your category

and you can design it to exactly fit your product.

*** ACHIEVE BEFORE COMPETITION**

Firstly establish your product line
secondly try to gain your long term competitive advantage
and then invest and safeguard your advantage.

*** WHAT ARE THE ADVANTAGES OF BEING LATE?**

You can have the right staff in place before you go in.
You have the benefit of being able to copy from those who went in first.
You don't have to discover yourself what the regulations are and what is necessary to set up shop.
The risk is as a pioneer you test the water
and once you are in people know what to expect.

*** WHAT HAS CHANGED/WILL CHANGE IN THIS GRID?**

Western brands have to move this way
because they need to improve their margins.

*** BENEFITS OF LONG TRADITION IN THE MARKET**

We were present for 15 or 20 years in the hard currency stores
and families would see the product but were unable to afford it.
So we benefited from a continuous presence but constant unavailability.
When the products came on the shelves in 1990/1991 they were recognised and immediately
purchased.

*** FREERIDER EFFECTS**

If you don't have the right staff you just hire it from the pioneer
and benefit from the training and education they have received there.
When you deal with institutions they know what you want
if you are the second or later so it is easier with them.
Investors know what to expect
because you want what the pioneer wanted.
You also know how large to plan your set up
because you see the pioneer and then you just decide whether you want to start with something
smaller, of the same size or even larger than the pioneer.
When you are first you also don't know the commitment to put behind your brand in a new market
high, low or medium investment
and if you come later you also take that from the pioneer.

*** DO YOU HAVE A POLICY ON BEING FIRST OR LATE?**

We were one of the first American companies to go truly international,
we put a lot of money into research and development in our different businesses
and we like to be at the forefront.
We were one of the first in Hungary in the Czech Republic and as I said in Poland.
Local considerations play a role in this more than one would like.
One would always like to do what one thinks would work,
but sometimes things don't work as planned
and one has to experiment what fits the local situation.

*** BLACK/GREY MARKETS**

No I wouldn't think that they are of any influence.

*** HOW IMPORTANT ARE WESTERN BRAND NAMES IN POLAND**

I think the quality standard is important
and the benefits which come with the product.
The brand name is only the name by which these things are sold.
What you hope to be able to with your brand is to develop a consumer trust that they believe they
will receive what you promise to deliver.
One thing is certain that a lot more research and development has gone into western brands than has
gone into local brands.

*** HOW DO BRAND NAMES INFLUENCE CONSUMERS?**

I don't think that the average Polish consumer has sufficient disposable income to buy products just because of their image, maybe in 10 years time they will but now, no.

*** DIFFICULT FOR FOLLOWERS**

In a way yes
in creating a certain degree of brand loyalty amongst consumers.

*** BRAND LOYALTY**

Very difficult to say in Poland at the moment.
Right now brand loyalty is not very high
and I think there is a lot of experimenting going on.
The consumers are being spoilt for choice.
You find that in most dynamic markets people will choose new and improved products
and not stick to one product for ever but try new products.
It is only in the mature market that people begin to become sceptical of new offerings
and the value of incremental improvements
and stay with the brand they have had in the past.
With only so few years of exposure loyalty could not develop.

*** CHANGES IN ATTITUDES TOWARDS WESTERN BRANDS**

I understand from our research it is changing.
Local brands are coming back
and consumers are being loyal to their local products.
Marketers have made promises which the products couldn't hold.
Consumers have become more sceptical
with which they treat the communication and the western brands.
Advertising is now sometimes compared with propaganda of the old days.

*** HOW DO YOU REACT TO THESE CHANGES**

We have to look at our corporate image
and improve our advertising.
We have to look at the copy in our adverts
and change it.
Our products have to convene local Polish values rather than international values.

*** MAIN LIMITATIONS FOR WESTERN BRANDS**

Mainly price.
For western manufacturers there are some minimum standards concerning quality, environmental issues, health etc. and they will not deviate from these standards
whereas local manufacturers may not be bound to these minimum standards for some reason or another
so as a result are able to produce inferior products at a much lower price.

*** THE FUTURE OF BRANDS IN POLAND**

The market has become more crowded with many more competitors
and at the same time people have lost their enthusiasm for western brands
so I would say the days of rich pickings are over.
If anything the competition in Poland will be fiercer than in any west European market.
Because most companies will have overestimated their sales either unknowingly or knowingly
to achieve better support from their HQs in the early days
but this lead to huge investments for which interests and dividends have to be earned.
This again means everybody will be fighting for the small market and parts thereof
suddenly we are in an excess capacity situation
which undoubtedly will lead to a price war
which is the worst of all scenarios.

A6.9 Kraft Jacobs Suchard, Czech Republic

*** KRAFT JACOBS SUCHARD CZECH REP., 8.6.1994, INDUSTRY: CONFECTIONERY**

*** DATE OF ENTRY:**

The company KJS entered the market in 1993.

*** FORM OF ENTRY:**

We started as Jacobs Suchard Czechoslovakia because at that time it was still one country.

We are now divided into two separate entities

KJS Czech Republic and Jacobs Suchard Figaro in Slovakia

because we took over the biggest chocolate manufacturer in this market.

We also bought some factories in the Czech Republic last year and at the beginning of 1994.

*** ORDER OF ENTRY:**

We were amongst the last, if not the last to enter.

*** MAJOR COMPETITORS**

We have two main brands in this market one is Milka and the other is Suchard.

They compete in different segments

but over all confectionery segments we compete with Nestle, Ferrero, Stollwerck, Mars and Lindt.

*** IMMEDIATE OBJECTIVES**

Distribution was important, to get that organised and going.

Brand awareness was also a key issue

which we concentrated on in the early stages.

***DISTRIBUTION**

We sell to wholesalers

and they sell to all the small retailers.

Knowledge of business principles is very low in retailing

and it takes a long time to make these clear to keepers and owners of small shops.

To overcome this we have a big merchandising team

who try to convince shop keepers to take our products

and they explain the profit margins and net contribution to them

and they also maintain the shelves

and look after the products.

Having merchandisers to look after the shelves is a very common approach in this market

and most western companies I know have them.

Loyalty in retailing is very low

and if somebody offers them an attractive gift they may give them the whole shelf

but brand loyalty is low in general.

*** CHANGES IN RETAIL INFRA STRUCTURE:**

The market is dominated by small shops

and the 'big' chains account for only 5% of the retail market.

Since shops have been privatised numbers have gone up

and this trends continues presently.

*** PRODUCT DIFFERENCE BETWEEN WESTERN COMPETITORS**

I don't really know

because we did not yet do a proper quality analysis of all the competitors

but I expect that the differences will not be too big.

*** PRICE DIFFERENCE BETWEEN WESTERN COMPETITORS**

They are all roughly at the same price level.

*** PRODUCT DIFFERENCE TO LOCAL COMPETITORS**

Local confectionery products are made in a different way

and with the brands we have taken over we maintain these ways

but improve the quality.

Milka our premier brand is a milk chocolate which is quite different from those made here and it is of a much higher quality.

However, quality perception of consumers is quite a different thing and difficult to evaluate.

* WESTERN BRAND WHICH FAILED

I think Dash has failed

because it has nothing new and different to offer.

* DIFFICULTY OF THE MARKET

The fact that all the other companies were already in the market made it difficult for us.

The strongest western chocolate brand is Nestle red label which in other markets is rather unimportant.

They have basically the position we would like to have and which we have in most other markets.

* MAIN MARKETING TOOLS

Advertising is our main tool.

Particularly in this market where retailing is so diverse you also market to them through the TV and print.

* PRODUCT

Much of our international brands is imported so the product is similar to western markets.

These products which are made here are usually only pressed here so we get the raw chocolate in tanks from Germany which means the product is also similar.

* ADVERTISING

We use international material

but we re-cut the commercials and arrange them in a different way to make them more relevant to this market.

Milka is clearly an international brand so it's OK to use international campaigns

but for our local brands we need to produce local commercials.

With Milka we mainly stress the brand

because that way it helps the whole range and brand and not one single product.

* PRICING

There is not a big difference in price between the Czech market and the German market, but the position is completely different.

In this market we are positioned at the premium end of the market, in Germany Milka is a relatively cheap but good chocolate.

You find products which are much more expensive like Lindt, Feodora and handmade chocolates, all those apart from Lindt are not available in this market.

* RANGE

For the international brands we only have a limited range of products available here.

Our ranges are not as diverse as in western markets.

With our local brands we also cut back the number of lines we sell

because some factories would produce hundreds of very little unimportant brands.

* BRAND

I think that Milka here is something more special than in Germany or France.

However, we try to establish it as a premium high quality chocolate.

* ADVANTAGES OF BEING FIRST

It is always beneficial to be first in a market.

If your brand is first in a market it is your brand which becomes the category.

It's also important to contact the consumer first and make your brand known.

* CONTROL OF SCARCE ASSETS

Nestle was very successful in creating a strong brand in this market with their red label chocolate, that made it much more difficult for us.
We now have to live with being compared to Nestle rather than the other way round.

* LOCAL MANUFACTURING

We produce our local brands locally and we press Milka here.
This means we import raw liquid chocolate and press it into bars.

* DISADVANTAGES OF BEING LATE

I think Nestle had an advantage in being earlier than we were.
They had more time to promote their brands and establish them amongst the consumers.
They also went ahead in distribution and we had to catch up in all areas.
Our awareness always lagged behind those who came earlier which is a big problem.

* BENEFITS OF LONG TRADITION IN THE MARKET

We have not benefited too much from selling in hard currency shops but in areas near Germany Milka was very well known because it is a very strong brand in Germany.
The brand awareness in general was relatively low when we started.

* ADVANTAGES OF BEING LATE

Once the pioneer has taken his position it is easier to attack him.
If you are pioneer and position yourself it is sometimes more difficult to grow from that position.

* FREERIDER EFFECTS

I think you can learn from the pioneer but it is the bigger advantage to be first, but I don't think that we benefited from any other company who came into this market before we did.

* HOW IMPORTANT ARE WESTERN BRAND NAMES IN THE CZECH REPUBLIC

I would say they were very important and particularly after the revolution in 1991 but since then it has changed and the fact that products are western brands is not anymore as important as it used to be.

* CHANGES ATTITUDE TOWARDS WESTERN BRANDS

In the early days everybody wanted to try western brands and it was a whole new experience to try western brands and to be able to buy them because it was almost prohibited all the time before.
Products at that time were not all too beautiful and western brands were really something important and fascinating.
People now tend to return to their local brands because of the economic situation but also because of pride in their own products.
Some of the local brands are much better than western brands and much cheaper.
I would say that most people still want to try western brands but they now look to local brands as well and they compare.
Local brands are also perceived as 'our' brands and western brands as 'not ours'.

* BRAND LOYALTY

I think they keep trying brands, they never had western brands and now they make up for the long time when they had no brands

so they try and compare.

People also like to have a choice of brands at home, in coffee for example they would offer you a choice of four or five brands at their homes when you visit them.

* MAIN LIMITATIONS FOR WESTERN BRANDS

From the consumers point of view it is the fact that many now want to buy Czech.

The government also will push local products more than they do now.

However, I think it will only apply to some product segments and not to all western brands.

Western brands all belong to these big multinationals and they will stick it out come what may but they have the money to wait.

* WESTERN BRANDS EVERYDAY PRODUCTS

Western products remain special for most Czech consumers.

The people have not yet adapted western products as their every day products.

* THE FUTURE OF BRANDS IN THE CZECH REPUBLIC

I think that local brands will become more important

and western brands will remain something special for most people.

Being western was an advantage until now, it may be a disadvantage in the future.

I can see a lot of local products which will become brands in the future

and I don't subscribe to the theory that all local products will either die or be taken over by western companies.

In the future when purchasing power is on a higher level, comparable to western Europe, it may be then that western brands will dominate the market but that is a long time away.

A6.10 Kraft Jacobs Suchard, Hungary

*** KRAFT JACOBS SUCHARD HUNGARY, 17.6.1994, INDUSTRY: /COFFEE CONFECTIONERY**

*** DATE OF ENTRY:**

We acquired a local coffee roaster in 1992 from Nestle who had bought the factory from Stollwerck.

*** FORM OF ENTRY:**

We started the coffee business with a licensed production in 1992 and took that over in 12.1993 from Nestle our licensee.

We invested 10 billion Deutschmarks into the coffee side of our business since.

We introduced our coffee brand Jacobs formally in 1992

after we had exported to Hungary since 1991.

The commitment from Phillip Morris to Eastern Europe came relatively late because initially it was thought that everything could be taken care of from Vienna.

*** RISKS**

The main risk at the time was the political situation and developments could have gone either way. Secondly the instability of import duties and the introduction of quotas on imported goods.

*** KEY FACTORS**

We have very strict volume and share targets.

We want to achieve high consumer trials and then maximum repurchase rates over time.

*** DECISION TO BE LATE**

Being late was a decision which was made against the background of PM being a company which believes in early return on investments and immediate profitability.

*** MAJOR COMPETITORS**

Jacobs is now present in all segments of the coffee market

and has to compete with Douwe Egberts who took over Compack, Tchibo, Nestle and Eduscho.

In recent months the competition has launched an attack in the low price segment and we have to try to get our share of that market because that is where the volumes are sold in Hungary.

The leading aggressor in Hungary is definitively Tchibo. They do a lot in advertising and promotion and work really hard to gain market share.

Douwe Egberts is the market leader because they took over the biggest state run roaster Compack in 1990. They have more than 40% of the total market.

We have raised our market share to 8.4% from only 3.9% in January so we are doing pretty good.

Douwe Egberts with their main brand Omnia have a significant influence on this market in terms of taste and consumer expectation

because for a long time under state rule Omnia was the better brand and the leading product with 60% market share.

Nestle acquired Zamat in 1991 the brand which was the lower quality alternative with 40% market share which has now fallen to about 15%.

For us the recent re-launch which is now completed was very important to get a better position in this market.

Within this re-launch we changed the blend of our coffees, the packaging, we introduced new lines, changed the price and introduced new POS materials.

Eduscho is the most vulnerable company in the market because the majority of their sales are made with the cheapest available brand 'Wiener Extra'

which clearly sacrifices profits for market shares.

If they increase the price this brand loses its USP and will fall out of the market.

*** IMMEDIATE OBJECTIVES**

We wanted to create brand awareness and brand attention very early on so we spent heavily on advertising from day one.

Secondly was the right product portfolio in response to understanding the local consumer.

***DISTRIBUTION**

The sheer number of outlets is the main problem in distribution.

The very rigid structure in the distribution channel is also a problem in the way that wholesale margins are dictated and therefore you can only influence very little in price and it is even less of that what gets through to the retailers and finally to the consumers.

When we came into the market we had to squeeze Douwe Egberts shelves or bring in extra shelves, but the retailing trade is happy to accept POS material.

We now differentiate between display outlets which are usually the smaller outlets and shelf outlets which are the larger sort.

We have our own merchandisers who maintain the shelves.

The concept of 'hard selling' is new to Hungarian retailers and wholesalers and they do not operate to profit concepts.

the concept they have is that the end of the month coincides with the end of their money, that is not only the retailers but the consumers alike.

* WESTERN BRAND WHICH FAILED

I think Nestle's re-launch of the brand Franck was a failure.

They took over the cheap coffee brand Zamat and everybody knew this was cheap and nasty coffee. They re-launched it under the brand name Franck which is a very old but not very well known brand name, made a lot of noise with promotions and advertising and basically the content was still the same old Zamat coffee only in a flashy new pack supported by advertising and at a higher price. Consumers felt cheated on and the result is that they have lost almost half of their initial market share in a few months.

* DIFFICULTY OF THE MARKET

For us it is quite difficult that we want to attract mainly the lower price segment in order to capture large volumes of the market but at the same time we want to maintain our premium image.

We really have to think how to do that effectively in the future.

* MAIN MARKETING TOOLS

We do a lot of advertising and we mainly do TV (about 75%)

we also have a good sales force and we constantly do retailer promotions.

We are very well suited to become the number 2 in this market because we have more experience than any other company in retail and more international exposure than any of the others.

We can get support from all over the world in an instant and we have all the skills necessary.

It will take us 3 more years until we will be number 2 in this market

and we will use all our power and financial strength to get there.

We don't start advertising before we have a distribution of at least 40%.

* PRODUCT

We have adapted the taste of our flagship brand Krönung to the local preference and we introduced a second brand especially for this market.

* ADVERTISING

Most of our advertising is adapted although we developed some commercials here.

International campaigns work quite well

and our research proves that we achieve high awareness with our campaigns.

Consumers receive our advertising very well

and they are very attentive to advertising.

* PRICING

Pricing is a highly sensitive issue in this market

and every change up or down has an immediate impact on the market.

* RANGE

We have really created a local range

with some products taken from western portfolios

and creating new ones which fit the market better than those we could have taken from other markets.

The international flagship brand has not as many extensions here as we have in western markets and we want to keep it that way as long as possible.

In the future we have to differentiate more clearly between the different brands in our portfolio but the range itself will not change.

* ADVANTAGES OF BEING FIRST

The main advantage of those who entered early was that they were able to acquire local companies with the possibility of having bought a good brand and build their market from that perspective.

In distribution a pioneer has no advantage even if they acquire an existing distribution system because no existing company had a sales force and the pioneer has to introduce that just as we had to.

The pioneer also has to introduce new distribution systems as the existing systems are no longer sufficient.

Douwe Egberts who was about first had the advantage that they inherited a good presence on the shelves

but they had to build a sales force as everybody else.

* LOCAL MANUFACTURING

We do have a roasting operation now in Budapest and we roast most of our coffee here in this country now.

* TAKE OVERS OF LOCAL BRANDS

We have not taken over any local brands but we developed two brand specially for this market which are only available in Hungary.

* DISADVANTAGE OF BEING LATE

The only disadvantage is that we don't have a local brand.

Apart from that it doesn't matter to be late in markets of central and eastern Europe because consumers are not loyal, they are uneducated in branding and they are very willing to try new things.

I would even say in some respects its better to be late

because it is much easier for you to enter the segments the pioneer had to build with a lot of effort.

* FREERIDER EFFECTS

For us it was very much to come late and benefit from what the pioneers had done.

But we have not only learned from our competitors

but also from other PM in other central European markets and from their experience of being late.

Eduscho showed us what consumers are willing to accept in terms of low quality so we benefited a lot from their experience with cheap coffee.

* BLACK MARKETS

In coffee the black market is very important

and Nielsen estimates that more than 50% of the coffee is bought at black markets.

* HOW IMPORTANT ARE WESTERN BRAND NAMES IN HUNGARY

The importance of western brands is still increasing overall

because most local brands are now owned by western companies

and consumers remain open to western concepts,

they have this view that they are per se positive.

It is the task of international companies to develop local brands to target price sensitive consumers.

* CHANGES ATTITUDE TOWARDS WESTERN BRANDS

Until 2 years after the market opened people were almost dying to get western brands but that has now changed

and people are much more buying local brands now than they used to.

However, they keep in touch with western brands

and still try new ones

as well as buying occasionally western.

* BRAND LOYALTY

Consumers are not very loyal

and they try every new product

and they have not yet reached a stage at which they would come back to the same brand again and again.

You also have to remember that disposable incomes are not that high and being brand loyal is out of the question for most consumers anyway.

*** MAIN LIMITATIONS FOR WESTERN BRANDS**

Price versus purchasing power,
as that relation will develop into a positive direction western brands will be even more successful.

*** THE FUTURE OF BRANDS IN HUNGARY**

There is no future without western brands
as they have established their position in the market
and also taken over most local brands so they will dominate the market in the future
as they do in most markets around the world.
The bigger the company the more know how in marketing and branding the better they will do in any
market.

A6.11 Nestlé, Czech Republic

*** NESTLE CZECH REP., 6.6.1994, INDUSTRY: CONFECTIONERY**

*** DATE OF ENTRY:**

It would have been easier for us if we would have been earlier,
but that is easy to say in hindsight.
At the time you don't know whether you are too late or too early,
it is difficult to judge.

*** FORM OF ENTRY:**

Initially some of our products were available in the hard currency shops.
And before 1948 Nestle had factories in this country.
Before Czechoslovakia split Nestle bought a factory in what is now Slovakia
and established a head office here in Prague.
Six month after that the country split.
First of all we have a rather complicated situation within the country.
We see the operation still as one entity
whereas legally it is two separate organisations now.
We had to put directors into that factory
and fulfil legal requirements,
then we have the difficulties with the currency
and different levels of inflation.
It is highly complicated for us
but nevertheless we achieved good market shares in both markets.
Now we have two Nestles in this country,
one is the coffee and dry foods division
and the other is the chocolate and biscuit division.

*** ORDER OF ENTRY:**

It is very difficult to establish an order of entry
because most companies came around the same time.
We were maybe a little late but not too late,
we did not suffer big disadvantages from our time of entry.
In coffee Jacobs came much later
and they still can't get their feet to the ground.

*** MAJOR COMPETITORS**

In chocolates we compete with Master Foods or Mars, Jacobs Suchard and Stollwerck from
Germany.
In the higher priced area you also find Lindt chocolates from Switzerland
and some smaller Belgian chocolates.
In coffee it is Tchibo from Germany, Eduscho, Douwe Egberts
and also Jacobs Suchard but they are very weak in this market.

*** IMMEDIATE OBJECTIVES**

Our immediate objectives were to secure successful local brands
at an acceptable price in our product segments
to take over and re-launch them.
When you do this you don't look for the factories or the land which comes with the deal
but the name
and the market share
and the distribution that's what counts.
Only those things count
because every idiot can buy a factory put some new machines in and find people to operate them.
Another immediate objective was to get a good distribution system off the ground as early as
possible.

***DISTRIBUTION**

The key success factors in this market is not branding and marketing

it is sales and distribution.

You need to have your marketing house in order

but the real successful companies are those who have their sales and distribution right.

Sales and distribution is currently more important than marketing.

You see a lot of companies surviving who shouldn't

but those are the ones who are good in distribution,

they have probably taken over access to distribution channels which go back for I don't know how long.

None of the big companies wants to be in the wholesale business

and at the same time they don't have enough volume to deliver to individual retailing outlets to justify a direct distribution

which means that you need a wholesaling function as an intermediate.

One bad example is Jacobs

which has been advertised very heavily in recent weeks,

this was their second major re-launch and attempt to gain a foothold in the market

and it failed again because their distribution is terrible.

People have to look for the product in the shops

because most shops don't stock it.

You can't succeed if your product is not available.

* CHANGES IN RETAIL INFRA STRUCTURE:

The situation we have here is not that of western markets.

Access to shelves is not gained by negotiation with a number of key accounts

but you have to convince retailers

by doing advertising to put your products on the shelves.

It is more important and more difficult to convince retailers than consumers.

* PRODUCT DIFFERENCE BETWEEN WESTERN COMPETITORS

If we take instant coffee we are by far the leader in quality across the world.

No other company has invested such a lot of money into research and development as we have and it has translated in a clear product advantage.

No other instant coffee tastes as good as Nescafe.

* PRICE DIFFERENCE BETWEEN WESTERN COMPETITORS

We are the cheapest chocolate in the premium segment

but the differences to Milka let's say are not great,

a few crowns but not more.

* PRICE DIFFERENCE TO LOCAL COMPETITORS

A Nestle red chocolate is at the top of the price range

together with the other western competitors

which are even more expensive

but we are roughly 100% over local products.

* PRODUCT DIFFERENCE TO LOCAL COMPETITORS

In instant coffee there is no local competition.

In chocolates we have to admit that some of the bars are quite good.

Particularly those which have a biscuit base,

but then they have all been taken over either by ourselves or United Biscuits.

The plain chocolate is not too high a quality

and ours is much better.

* WESTERN BRAND WHICH FAILED

It is difficult to identify failures

because you never know what the policy of a company is

so they may go for a high profit small share policy,

but I think that Master Foods has big problems in this market.

They started with their chocolate bars,

which are because of import duties are very expensive.

They kept that price level

although most other western competitors were trying to bring their prices down.

People tried Mars or Snickers once
and couldn't find the justification for the price they were asking
so they switched back to their local brands.
It is important to know that chocolate bars in the Czech market generally are less chocolaty than Mars
they are more based on wafers,
which makes them much cheaper to produce.
So people went back to their taste and their price.
Mars in my eyes has failed in this market.
They now reduced the price
but I fear it is too late for them.

* MARKET READINESS

Research by BBDO has shown that those living in border areas have watched western TV for many years.

They were better informed on western brands than some western consumers.

The market was ready product wise

but not purchasing power wise.

Obviously we had to adapt a lot of products to local customs

but with that many of our products came just at the right time to accompany major changes in society,

if you look at our Maggi ready soups for example

which came at a time at which women wanted to be less involved in cooking than they used to be.

But a rural society like this has totally different needs in cooking supplements than a city based society like most western societies.

* DIFFICULTY OF THE MARKET

I find it difficult because there are no rules to follow,

who could be your advisor on these markets?

Everything you do is a first and might be right or wrong.

How can you make judgements on products which were developed in totally different environments and how they may work in this market.

You know everything about the brand and the marketing from its home country but it's far from certain that this applies here as well.

* BRAND/BRANDING

* MAIN MARKETING TOOLS

We mainly use TV,

print

and poster sites.

TV is the cheapest medium to reach large audiences

and as we are selling into mass markets it is the most appropriate medium for us.

We supplement TV with print and posters

but the emphasis is on TV.

We also do promotions

and tastings in supermarkets

to bring the product to the consumer and get them to try it.

Recently we put coupons on all Maggi dry soups and if you collect them you can earn yourself a nice board with different kitchen instruments.

We also have an address on all our products

so our customers can write to us and we get a lot of mail back from them.

The addresses we then use for direct mail.

We use all the marketing resources Nestle has world-wide

and we are taking a very professional attitude towards this issue,

just as we would in any western market.

Finally we also have a very comprehensive trade approach

which means we are very actively marketing to retailers.

People are getting more and more sceptic about TV advertising

in a healthy way they argue how realistic the claims are

and they doubt many claims.

I think this is a positive development

demonstrating more familiarity with the advertising media.

* PRODUCT

As we are selling food all our products have to be adapted to the local market situation in taste and local preferences.

For our Nesquik brand we did extensive consumer research into how people like their chocolate: sweet, not so sweet, very chocolaty, not so strong in taste, creamy rich or whatever.

The results determined the form and the taste of the product which we sell here.

In western markets we sell very sophisticated varieties of dry soups or niche coffees, here we have to remain in more basic segments before we need to go into that direction.

Many of our products are new to the Czech consumer and it takes some time for them to get used to them.

You have to remember that you should not attempt to change the consumer but change your product according to the preferences of the consumer.

* ADVERTISING

It depends on what we can have from other countries.

Our Maggi brand for example was not introduced into a market for the last 25 years so we had to produce a campaign for the market introduction here ourselves.

What we produced was very good and at a very good price.

In the future we will lead the work into some campaign which we take from other countries.

Often you have to do your own work because habits are different.

For coffee you see that people here drink Turkish coffee in tiny cups.

If you have executions using normal cups or even mugs you can't use them here, people will not recognise this as their coffee drinking experience.

This means you have to re-shoot or do your own.

* PRICING

In the premium segment we have prices which are roughly equal to western markets.

In the lower segments we have our local brands.

In both cases we have to watch our cost base and the fact that we want to capture more market share so we have to find a balance.

We also have high and low margin products and we have to find the right mix for this market.

* RANGE

Our range is much smaller than in western markets and it will remain smaller for some time.

This is partly due to limitations in purchasing power but more to do with differences in life style and the need to adapt to new ways of doing things.

* ADVANTAGES OF BEING FIRST

Most markets in central Europe saw a swing back to protectionism recently.

This is very nice if you are in and competition can't follow but if you are out you might as well forget that particular market.

This policy however is deliberately designed the way it is to protect the jobs in the factories which have been taken over by western companies.

* IMPORTANCE OF BEING FIRST

The best reason of being first or early is not to be late.

You can much better take part in the early days and be part of those who shape the market and the consumer perception

than to come late and have to adapt to what your competitors did.

As I said earlier for us it was important to take over good local brands,

if you are early or even first you are the one who can select amongst the brands which are on offer to be privatised,

if you are late you can be lucky to get an unimportant brand

if you are unlucky even those are gone.

* CONTROL OF SCARCE ASSETS

Good local brands are an asset
once you have bought them they are worth a lot of money
because they are your market shares for the near future.
Apart from this there is not much you can control and prevent competitors access to it.

*LOCAL MANUFACTURING

If you are serious about going into a market like this you need to manufacture locally.
You can't rely on quotas to import or pay high import duties
if you want to make a profit
and if you want to be in the market long term.
If you are not willing to make such a commitment you better stay out in the first place.

* TAKE OVERS OF LOCAL BRANDS

We have taken over local brands
in all areas apart from instant coffee
which did not exist in former times in this market.
We upgraded and re-launched the local brands
but left them at a low price level.

* DISADVANTAGES OF BEING LATE

The main disadvantage is that your competitors are already there.
They have started advertising,
built their distribution,
know the market to a degree,
employed people,
sorted out their products,
obtained licenses etc.

However, in Poland we started Maggi only this month
and here we were quite late with Nesquik,
with good employees and our resources we still were able to be successful with it.
After we had made our first order we thought that we totally misjudged the market
and that it would take us two years to sell the product
but it turned out that we even underestimated the sales of the small packaging size
so we were out of stock after 3 months.
So, if you are late and you are Nestle you have a long breath
and you just invest and sit it out.

* HOW MAKE UP FOR LOST GROUND?

It also depends on how strong the pioneer has become in the time until a late comer wants to enter the market.

If the pioneer has cornered a considerable share of the market
let's say more than 75% than nobody stands a chance of getting very far in this market.
If the pioneer only secured 10 or 20% it's no problem to go in
because the pioneer's position is not strong.

Nestle is a company which is usually late
because it is not fast to make decisions
but once it is on course it moves very steady
and with a lot of commitment.

We also get a lot of help from western countries
and the world wide resources of Nestle
so we are doing well in getting experts on certain issues to help us with our particular problems.

* BENEFITS OF LONG TRADITION IN THE MARKET

The name Maggi was still known to older people
but only attached to the soy-sauce product
not to the vast range which is now offered under the Maggi brand.
The presence in the hard currency stores did not give us any great benefit.
For some people Nescafe was a known brand
but not many people knew the brand.

* DISADVANTAGES OF BEING FIRST

You are vulnerable to late comers
who are willing to invest a lot and
who are ruthless enough to attack you
with a low price strategy
and buying out your best people.

* FREERIDER EFFECTS

You can save time on training your own people in buying them from those who were earlier in the market.

You can also learn from the mistakes of the people who came in early.

* HOW IMPORTANT ARE WESTERN BRAND NAMES IN THE CZECH REPUBLIC

I think that Czech consumers are familiar with a lot of western brand names.

I don't think however, that it is the brand name alone which makes them buy a certain product.

People appreciate western brands
and they are still status symbols.

Advertising has worked well in these countries
so people have adapted well to brands
and their images.

* CHANGES ATTITUDE TOWARDS WESTERN BRANDS

I was amazed when I recently saw research which shows a preference for Czech made products, but I don't see it in real life.

This may be that some researchers totally misread the public opinion
or those questioned were a hard core group of protectionists.

When you go into the supermarkets you see a lot of western brands on the shelves and in the trolleys.

Czech people become a bit more nationalistic
but we don't feel it in our sales.

It is understandable that people swing back
from products which were developed for western lifestyles
but as a general tendency western brands are still very popular.

Important is to recognise that many consumers now have access to satellite TV
or travel to the West

so they want the same quality of products
they see in the West or on their TV.

They don't want to be treated as second class Europeans
they demand the best just as western consumers.

* BRAND LOYALTY

The lack of purchasing power almost prohibits brand loyalty,
the only exception being cigarettes.

As I said before if consumers could afford it they would buy only western brands
but currently they have to switch between western and local brands all the time.

Another factor is time and exposure,
consumers have not been exposed to western brands for long enough
to have a favourite brand from their own experience.

They still try a lot
and to compare brands for them is like a process of trial and error.

You can't establish brand loyalty in 2 or 3 years,
it takes much longer than that.

* MAIN LIMITATIONS FOR WESTERN BRANDS

Again I think it's purchasing power.

If people would earn more money they would buy more western brands.

It's also the western brands themselves,
if they continue to apply global branding without adaptation

and concern for the local market situation
they won't get very far.

Brands however global they may think they are need to fit the local market
if they don't they are not successful.

*** WESTERN BRANDS EVERYDAY PRODUCTS**

Not yet, as the consumers have to buy local products for money reasons they have to leave the western brands for special occasions or as a treat.

It's also very popular to use western brands as gifts.

We have to aim to make our products everyday products because we can not live making products for the happy few.

We need the wide middle class of the society

to buy our products

but currently there is no real middle class in this country

and we have to wait until it develops.

*** THE FUTURE OF BRANDS IN THE CZECH REPUBLIC**

Well, I would say not any different than any other market.

I have to say I find it difficult to subscribe to your term 'western' brand.

If you look at 'Nescafe' that is sold from the North to the Southpole and from Russia to the USA.

It is a local and a global brand.

You can not fool the consumer in the long term,

if you deliver a good product at the right price you will sell,

if you don't deliver the quality you will not sell for long.

I believe we don't sell because we are a 'western' brand

but because we sell a product under a brand name which is of high quality

and we sell it at a price the consumer finds justified for what we offer.

A6.12 Nestlé, Hungary

*** NESTLE HUNGARY, 23.6.1994, INDUSTRY: COFFEE/CONFECTIONERY**

*** DATE OF ENTRY:**

Market entry in Hungary is a special case

because we did a lot with licensing agreements with state owned companies.

Some of these agreements go back as far as 20 years before the market opened.

1974 was the first agreement for the Maggi brand.

They were producing and distributing Maggi soups and cubes.

A bit later in 1978 we started with Compack the most important roaster Nescafe on a licensing basis.

Nesquik we started with BEW the most important confectioner in Budapest in 1985.

The chocolate business we started in 1988.

When in 1989/90 the market opened up we realised we would face the privatisation of our licensing partners.

We then started negotiations with the partners and the privatisation agency whether we could acquire any of our partner companies.

The first to be privatised was Compack

and they were purchased by Douwe Egberts,

we then had to negotiate with them to take over our licensing agreement.

We purchased the company which was our chocolate manufacturer.

The Nesquik licensee was sold to Stollwerck

and we purchased from Stollwerck the Nesquik factory

which also produces roast and ground coffee.

The factory which is the Maggi licensee now belongs to the state bank

and we changed the agreement into a production and packing agreement

as we took over sales and distribution for the Maggis brand.

*** ORDER OF ENTRY:**

In coffee we came into this market as third.

Eduscho was first

then Douwe Egberts

and then Nestle with Franck,

Tchibo came with us around the same time

and last came Jacobs which was exporting to Hungary on a small basis.

In chocolate we were first,

Mars on an import basis started 6 months after us,

Stollwerck came a year after us

and Jacobs Suchard came last.

*** MAJOR COMPETITORS**

In coffee Douwe Egberts, Eduscho, Tchibo and Jacobs.

In chocolate Mars, Stollwerck and Jacobs Suchard.

***DISTRIBUTION**

Distribution is a very difficult part in this market.

We have solved the problem by commissioning it out to an international distribution company which is an expert in the area

and deals with all our requirements.

We maintain the shelves still ourselves.

The set-up we currently have is rather satisfactory

and we have fewer complaints than we had 3 years ago.

Some of our competitors work with systems which are much worse s

o this gives us a good position.

*** CHANGES IN RETAIL INFRA STRUCTURE:**

In the past the goods were shipped to 20 wholesalers once a month by full palettes.

Everything happened according to the plan.

From one day to another everybody starts to ship commissioned pallets every single day to 300 wholesalers.

The infra structure to cope with that is not there.

The roads are too small,
there are not enough trucks,
there are not enough warehouses
and there is no logistics knowledge.

* PRODUCT DIFFERENCE BETWEEN WESTERN COMPETITORS

We all watch the competition closely
and as soon as somebody goes down all others follow
because so much depends on the price.
Market shares only change hands when somebody comes with a product at a cheaper price
and the competition does not react fast enough.
In coffee Eduscho brought a cheap coffee of extremely low quality called 'Wiener Extra' on the
market and captured immediately 30% of the market.

* PRICE DIFFERENCE BETWEEN WESTERN COMPETITORS

We are all very close in the premium segment
and we all watch each other carefully.

* PRODUCT DIFFERENCE TO LOCAL COMPETITORS

There are different types of local chocolate.
The worst is not even chocolate according to EC food laws
and the real local chocolate is still very bad compared to western quality.
In coffee you have black market coffee
which is almost a health hazard
and on an acceptable level you find bad and cheap coffee
and in the top segment you find pretty good coffee like Omnia or our top brand Franck.

* WESTERN BRAND WHICH FAILED

Mars has big problems
because they have to import all their products
and that means they have to sell at a very high price.
I wouldn't say they have failed but they have a very hard time.

* MAIN MARKETING TOOLS

We use mainly TV,
but also poster sites
and print,
even some radio since recently.
We also make taste testings in supermarkets
and consumer promotions
and retailer promotions.

* PRODUCT

All our western brands are made to western formulations
and have the same high quality as in the west.
We adapt to local taste preferences
but we make no compromise in quality.

* ADVERTISING

It depends on the product
and usually we do a mix of local and international campaigns.
We use whatever fits our objectives best.

* ADVANTAGES OF BEING FIRST

In chocolates we were first and we have obvious market share advantages now.
Being first in these markets gives you a huge advantage.
These pioneering advantages are something which stays with you forever.
If we look at the west, in chocolate tablets, Milka and Nestle if one was first may be by 2 years some
40 years ago the advantage stayed with the first.
Distribution and sales are also an advantage for the pioneer,
if you are first you get your POS material and your displays into the channels,
if you are late you don't.

Also the production side of things
if you take a large volume to start with you can rationalise your production facilities
and produce at lower costs.
Particularly those who have acquired companies here have a time advantage
in getting their house in order.

*** CONTROL OF SCARCE ASSETS**

The first thing was that Douwe Egberts bought the biggest roaster in this country.
The second point is listings in the Meindl stores the country's largest retailing chain,
Eduscho and Douwe Egberts got in there and we couldn't get access.
I don't think we are blocked from anything else.

*** LOCAL MANUFACTURING**

We have in most areas we deal in local manufacturing capacity.
If one wants to be successful in this market you need local capacities
otherwise you rely on very changeable quotas
and tax and customs systems,
which are not a basis to build brands on.

*** TAKE OVERS OF LOCAL BRANDS**

We took over the 'Zamat' coffee brand
and a local chocolate brand.

*** DISADVANTAGE OF BEING LATE**

In roasted coffee we have the disadvantage of coming as number 4.
If you look at Jacobs who came last, they spend an enormous fortune here but they will never make
it.
In ground coffee the situation for us is quite difficult
because the products are quite equal and product advantages, like in soluble coffee, can't come to
our aid.
We were also late in setting up a head quarter in Budapest,
we were originally located at one of our factories 200 km east of here
and many administrative functions were spread out.
WE took the offices here 3 years after the market opened and much too late.
You need a headquarters to administrate the whole operation efficiently
and you can only do that from Budapest
because of the infra structure.

*** HOW IMPORTANT ARE WESTERN BRAND NAMES IN HUNGARY**

It is very important to have a very strong corporate brand
you can not live with just product brands anymore.
There are only very few local corporate brands
and western brands jump into the breach.

*** CHANGES ATTITUDE TOWARDS WESTERN BRANDS**

In the first step consumers were very willing to try and buy.
Now there is a big turn back to the local products in many markets.
People realise that once local products have been re-launched
in better quality
and better packaging
and with a strong corporate brand
they are well worth buying.
People understand that these products have been produced in this country
and they are providing jobs for locals
and they offer good value for money.
They have realised that there is no need anymore to buy foreign for the sake of it.

*** CONSUMER BEHAVIOUR**

80% of the purchasing decision is made on price
and only 20% on all other factors.

* BRAND LOYALTY

Consumers in this market are less loyal than they are in the west.

Here they are even more price conscious and price sensitive.

There is some brand loyalty

and you notice if consumers trade down in price they stay mostly with the same umbrella brand.

You notice that particularly in coffee where Omnia the number 1 has lost a lot of ground during the last couple of months

and most of it has gone to Paloma which is the cheaper version of it.

We would like it to be stronger but it is even lower than in the west.

* MAIN LIMITATIONS FOR WESTERN BRANDS

Price is the main limitation.

* TAKE OVER OF LOCAL BRANDS

We took over the 'Zamat' coffee company.

'Zamat' was no brand name but the name of the factory.

We found that we still owned the 'Franck' brand from a chance purchase after world war two.

It was by and large the biggest name in coffee all over central Europe between 1890 and 1940.

The Franck brand was the leader in all central European markets.

The property of the company was nationalised in 1948

and they through out the brands

and it was turned into 'Zamat' coffee.

It was therefore a logic step for us to revamp the brand which is almost 200 years old.

Older consumers still knew the brand

particularly those over 50 knew the brand very well.

The awareness was going down with the age of respondents.

The last appearance of the brand was in the mid 50s when they still had the name Franck on the packaging.

We were very successful in re-launching this brand

because we were able to stop the decline of the market share to 15% of the market and it has stayed there now for over 1 year.

Prior to the re-launch it was losing ground fast.

The brand has stabilised and the volumes are going up

because the total market is going up.

We made a good brand out of a factory making cheap and nasty coffee, which was packed in awful brown paper bags

with only the factory name 'Zamat' printed on the pack.

Out of nothing we built a range and a strong brand.

We revamped a brand which really means something to Hungarians

and which is a real Hungarian brand

and not something which comes from Germany.

Our research shows that Franck is regarded as a 100% Hungarian brand.

* THE FUTURE OF BRANDS IN HUNGARY

The important factor is price versus quality

and it is important that we understand the different segments in the market.

If managers understand that, they will be successful

if they don't care for the consumer they will find it increasingly difficult.

A6.13 Pepsi, Poland

*** PEPSI POLAND, 11.5.1994, INDUSTRY: SOFT DRINKS**

*** DATE OF ENTRY:**

Pepsi Cola entered Poland in December 1970.

It has been here for 24 years now.

Poland always was the most affluent central European market apart from Eastern Germany it therefore was an attractive market.

It also was the most liberal market

it was therefore a market which attracted a greater number of western companies than other countries.

Pepsi in the 1970s was the first western branded product which reached the Polish market.

There was no competition between the regions

and in the designated areas the licensee had a monopoly

until 1991 this was the position.

When changes took place in the early 1990s a lot of western companies took an interest in the region and the 40 million people living in Poland made it a good place for them to start

because 40 years earlier Poles had a market economy

and other places like Russia never ever had one.

In the early 90s Coca Cola came in with a huge direct investment

and at the same time Pepsi did not really react.

The reasons were that as a company is now an investment company more than a soft drinks bottler.

It not only focuses on the cola business -

Coke's only objective is the brown fizzy water.

Pepsi is also into buying and bartering raw materials and Vodka from Russia.

But more important is Pepsi's involvement in the fast food business,

now this meant that Pepsi did not know what to do first

and sitting with a 90% market share in the cola drinks business made this not the most urgent sector to go into.

The delay in reacting also had to do with Pepsi's internal structure in which no office in Poland co-ordinated the interests of the company,

which meant that the bottlers had to deal with Vienna and Vienna reported to Cyprus and Cyprus,

which was co-ordination centre for middle East and central Europe, reported to the New York head office.

So this structure certainly lead to a situation in which New York had no idea what was going on in Poland.

Pepsi had a more global approach and did not see the need to commit funds to Poland at the time.

At the time Pepsi also actively colonised South America so Poland was not on their priority list.

Unfortunately the revolution in Poland was not included in the Pepsi corporate plan for that year

and so there was nothing which could be done about it.

Had Pepsi spent 2 or 3 million back in 1990

they could have raised the entry costs for Coca Cola by 3 or even 4 times

which would have raised it above the profitability line for them.

*** FORM OF ENTRY:**

Pepsi is a company which has a variety of interests.

When it comes into a market it likes to own and control as much as possible.

When they first entered laws were in place which forbid foreign investments

therefore a concept was worked out under which Pepsi would supply the syrup

which is only a very minor part of the production process

and it would also supply a very limited marketing support.

However this little marketing was quite spectacular in Poland

because there was no other marketing at the time.

The great changes came when foreign direct investment was allowed

and for Pepsi that was the start of a great investment.

Pepsi kept the licenses with the breweries

and many of the breweries became western joint ventures

and now they operate with western managers according to western management standards.

The negative side of things is that breweries are primarily selling beer and not soft drinks.

Beer is their main objective
and they are often using Pepsi only as a entry to gain restaurant contracts like:
You get Pepsi almost free if you buy our beer.
With the new central office in Warsaw PepsiCo. also changed the rules of the business
in the way that the syrup is now sold to the breweries only through the Warsaw office
as are bottles and cans.
PepsiCo. makes a handsome profit on these sales
and at the same time makes it difficult for the bottling partners.
The structure of Pepsi in Poland has become very very complicated.

* MAJOR COMPETITORS:

Pepsi entered the market at the same time as Coca Cola,
but Coke was not as successful for a number of reasons.
Poland was divided into regions
and Coca Cola was not given as many regions as Pepsi.
The licenses were given to local breweries
and a lot depended on the activities of the breweries to develop the products.
It happened that the big and important breweries were given Pepsi rather than Coca Cola licenses.
Coca Cola was much more seen as an American showcase
so less support was given to it
and only smaller less important partners attached to it.
Coca Cola at the early 90s saw the chance and they really got their teeth into it.
They spent about 250 million dollars in Poland alone to get their act together.
We now trail Coca Cola in market shares
but the total market has expanded.
In the darkest age we went from 100% market share in our areas down to 30%
we are winning back market shares now.
Of a bigger market we now have 40 - 45% of the market.
The distribution of Coke is, in those areas they cover, 90%,
so if they operate an area they do it right if they don't they don't.
Coke usually works with western price promotions
which are not as successful as they would be if they were more tailored to the Polish market.

* CHANGES IN RETAIL INFRA STRUCTURE:

In recent months we have sold 65% of our product to out of area wholesalers,
35% were sold locally from our vans.
Of the 35%, 3% went to restaurants, 35% to local retailers and the rest to local wholesalers.
Pepsi policy is to discourage out of area sales
which makes the life of those who have a lot out of area sales very difficult.
Our customer profile is changing
from wholesalers to local retailers.
The level of business knowledge of the average shopkeeper is abominable
and they are not operating according to the principle how can I make more money
but how can I save myself some work.
Coke went out and put fridges into shops which sell less than 4 cases a week.
It is a very easy calculation to come to the result that these fridges will not be paid by profits from
that shop within the next 20 or so years.
This is only a tool to keep us out
because if we are not giving them a fridge we won't supply this shop any longer.

* ORDER OF ENTRY:

We were first in most areas as I explained with the exclusivity we had.
We also committed ourselves earlier to go into the Coca Cola regions,
but we were then overtaken by Coca Cola's huge investment.

* PROBLEMS FOR THE BRAND AT ENTRY

The first time round it was quite easy as it was relatively easy licensing agreements and the supply of
syrup.
Apart from this we had a monopoly in our areas so no big problems.
The second time round we had the competition
which was well entrenched in many areas

and it is difficult now to make up for lost ground.

*** HOME MARKET STRENGTH VS. LOCAL MKT. STR.**

In the USA the market leadership changes between Coke and Pepsi every other year or so both have around 35% of the cola market.

Here in Poland we have to make up for lost ground

and it certainly will take some years before we are back at a level which is equal or near to Coca Cola.

*** MAIN MARKETING TOOLS**

We use mainly TV

because it is the cheapest medium to reach a large audience plus national press in newspaper and magazines.

We also use billboards

and illuminated signs in Warsaw.

We also have signs across the city here in Warsaw which are on lampposts and traffic signs.

POS materials

and consumer promotions are very important.

Here we mainly use price promotions.

Sometimes we do taste testing

and sample the product in supermarkets.

*** PRODUCT**

The syrup comes from the US

and it is mixed in strict accordance with the recipe

and therefore the product is standardised all over the world.

*** ADVERTISING**

We use international material

which we adapt to the local situation.

We use voice overs in TV and translations in print.

*** PRICING**

We have our cost base

which is determined by the syrup, water and packaging plus some overhead expenses.

We also have a margin plus the retailer and wholesaler margin to consider, which results in a price.

We also have to watch that we have to remain under Coke in our price.

*** BRAND**

It has been a bit adapted,

not the core,

but the overall appearance has been adapted ever so slightly.

Pepsi always was more of a Polish thing than Coca Cola, like in ours and theirs.

*** PRODUCT DIFFERENCE BETWEEN WESTERN COMPETITORS**

Coca Cola has a secret recipe as have we,

the taste is slightly different but that's about it,

if we are not talking image and branding.

People can't tell the difference usually and they buy what they can afford or what they perceive as being better in a way.

*** PRICE DIFFERENCE BETWEEN WESTERN COMPETITORS**

Pepsi being sold in different regions by different franchisees has no common price policy in Poland.

Prices on a litre basis vary between regions and between bottle sizes.

On the shelf we are about 15% cheaper on average than Coca Cola.

*** PRICE DIFFERENCE TO LOCAL COMPETITORS**

Local brands, which do not play a big role, are about half our price.

*** PRODUCT DIFFERENCE TO LOCAL COMPETITORS**

Local competitors try to produce something which looks like a cola drink and tastes sweet, they do that with more or less success.

***CHANGES IN CONSUMER BEHAVIOUR**

Consumer have less money to spend and more choice.

They choose more carefully and think whether the added investment gives added value.

A lot of burning desires have already been fulfilled during the last two years

so retailing starts slowing down

as people cope with loans and credit agreements.

For us this is partly positive as people think twice if they should buy Coke or Pepsi

and because we are cheaper we often come out on top.

However some people go even further and buy the local brands which are half our price.

*** WAS THE MARKET READY FOR YOUR PRODUCT?**

We sold our product already for many years

so the market was already there.

*** RISKS AT/OFF ENTRY**

Misunderstanding of the market.

The strength of the competitor.

Incorrect evaluation of the Polish economic situation

which means that not enough money was invested.

Wrong risk evaluation.

*** IMPORTANCE OF BEING FIRST**

When Pepsi came in 1970 there was a huge political risk

but because the involvement was limited to deliver the syrup and some know how it was not too bad.

*** WHAT ARE THE ADVANTAGES OF BEING FIRST?**

I don't think they are of major importance

because everything in Poland changes so quickly.

Here in Warsaw Coke spent a lot of money on signs and outdoor advertising

going down these roads now you see hardly any Coke signs

but thousands of Pepsi signs so we made up ground here.

Because of the lack of brand loyalty the minute you stop advertising people forget and switch

so after Coke had spent most of the advertising budget we went in and immediately increased our sales.

*** WHAT ARE THE ADVANTAGES OF BEING LATE?**

I don't see any benefits I think it is just an uphill struggle.

*** WHAT HAS CHANGED/WILL CHANGE IN THIS GRID?**

I think the positions are pretty fixed in this market

as we only have the two players Coke and Pepsi

and the local brands don't really play a great role.

*** BENEFITS OF LONG TRADITION IN THE MARKET**

Many people learned what a cola drink is through Pepsi

and I think eventually they will come back to their 'original' flavour.

*** DO YOU HAVE A POLICY ON BEING FIRST OR LATE?**

With Pepsi this is difficult to answer

and I don't think people at PepsiCo HQ could answer this question.

The many different areas Pepsi works in make that difficult to define.

*** YOUR STRENGTHS**

The name Pepsi is easy and short

whereas Coca Cola is long and difficult

and 'Coke' does not work in the Polish language

so we also have a name advantage

because if you just say Cola that is short for Pepsi as well.

*** UNABLE TO ACHIEVE CERTAIN ISSUES?**

Coca Cola blocked out a part of the market because we aim at exactly the same target group. If you look at media for example local radio stations we would have liked to work with, Coke already had a contract with, effectively blocking us out.

The minute they stop advertising on these channels we can go in and work with them but as long as they pay they are in.

There is also a situation in which Coke went to small and medium sized grocers and said we give you this and that usually a refrigerator and don't charge you as long as you don't sell Pepsi, which is really unfair trading.

That made it quite difficult for us.

* KEY LEARNINGS FROM BEING FIRST

Unless you make sure you hold on to your position you may lose it.

This may well include huge investments if you know your competition is investing a lot of money.

You can not take your position for granted

and it is vital to guard it well.

* IMMEDIATE OBJECTIVES AFTER ENTRY

For us it was important when we decided to take on Coke to get a good distribution of the ground.

Because the Pepsi franchise was with breweries which were state owned

you had usually no sales department no marketing

and often not even a second telephone line for orders.

So we set up a proper sales office

with telephone sales people

as well as representatives

and merchandisers.

We bought trucks to deliver

and introduced incentive payments for the drivers.

The result was that some drivers worked 14 hours a day and earned almost a fortune.

But without all this we would have stood no chance.

We then started advertising and promotion and supplying POS material to the customers.

* DISTRIBUTION

Pepsi is not as centralised as Coke is

we have a number of breweries who are franchisees of PepsiCo.

Seeing the massive market share losses PepsiCo. set up a central office in Warsaw at enormous cost.

PepsiCo. has taken over the Warsaw region with a 100% owned bottling plant

and also owns new distribution trucks

and with this sets an example for the franchisees in the country.

In the Warsaw area Pepsi has a weighted distribution of 90%

but with the cost of having too many trucks and being rather inefficient.

In Gdansk Pepsi has about 65% weighted distribution

but in eastern parts of Poland it may only be 30%.

* HOW IMPORTANT ARE WESTERN BRAND NAMES IN POLAND

Very important.

Absolutely.

Mega importance.

* BRAND NAMES INFLUENCE CONSUMERS?

It may not be true for our products but you find people using a western brand packaging and refill it with local products.

This means they react strongly to the brand

but they can't afford to continue buying it

so their commitment is not 100%.

It could also be that the commitment is only to the brand

but not the product behind the brand.

* BRAND LOYALTY

I think a degree of brand and product loyalty is beginning to develop.

The swing back to local products is for me a sign of loyalty to these products

and I think that this is also true for western brands
although only on a very low level
because of income restrictions.

* CHANGES IN ATTITUDES TOWARDS WESTERN BRANDS

Western brands used to be on a pedestal.

You could observe a sort of life cycle in consumer attitudes towards western brands.

They started off as being something sent straight down from heavens.

Then they became widely available

and people tried them out

and were confronted with a reality which was not as glorious as they expected.

So they started to see that Polish brands were not so bad after all.

Meat and dairy products were the first to experience a strong swing back to local products.

Nowadays they are more open in all directions

which means they will consider Polish products as well as western

and try to figure out which one gives them the better deal.

* HOW DID PEPSI REACT TO THESE CHANGES

Pepsi reacted very badly

because Pepsi itself was in transition and had no chance to concentrate on other issues than itself.

Pepsi had a very difficult time

and I think it was not too aware of what was going on on the outside

because of a bad information system.

* MAIN LIMITATIONS FOR WESTERN BRANDS

Buying power is the most important limitation.

Western brands will always be perceived as expensive

so if you have a discount concept it may end up looking more expensive because it is western than it is in reality.

* THE FUTURE OF BRANDS IN POLAND

I don't think the differentiation between western and Polish brands will continue.

I think it will be a differentiation between good and bad brands regardless where they are from, particularly with all the joint ventures and take-overs of Polish brands.

The concept of branding will continue to develop

and eventually people will stop to ask for generic products like yellow cheese or bread but for brands.

People more and more get used to the concept.

Brands in Poland are playing an ever greater role.

My advice for anybody going into Poland would be either sell at a lower price than local products or have a strong brand name with a lot of advertising and promotion.

A6.14 Procter & Gamble, Czech Republic

*** PROCTER&GAMBLE CZECH REP., 8.6.1994, INDUSTRY: DETERGENTS**

*** DATE OF ENTRY:**

P&G entered in 1991

and the first task was buying a plant in the country to produce detergents, dish washing liquids and fabric softeners.

Since then we have been expanding in sales, products and categories.

We are now present in all P&G key categories

which are detergents, dish washing liquids, fabric softener, paper products, cosmetics and dental care.

*** FORM OF ENTRY:**

We bought some of the big brands in each category.

In detergents we bought TIX which had 10%, another one with 5% share, the leader in dish washing liquid

and one of the biggest names in fabric softener.

We bought key detergents of this market,

the leading detergent was bought by Henkel,

and we also introduced our international premium brands Ariel in 1991 and Vizir in 1992.

***MARKET DIVISION WESTERN/LOCAL**

You are talking an 80/20 split in volume.

***DISTRIBUTION**

We have a wholesaler network we work with.

They distribute to local supermarkets and small mixed goods outlets.

The distribution is more difficult in a market with such a great number of outlets and furthermore a lot of the clients are not paying their bills.

*** CHANGES IN RETAIL INFRA STRUCTURE:**

The market is expanding.

The number of outlets keeps multiplying in the Czech market.

*** CHANGES TO LOCAL PRODUCTS**

A big part of our plans was to change the formulation and effectiveness of our local brands.

We have re-launched TIX and that has increased our market share tremendously.

*** MAJOR COMPETITORS**

All major companies are present in the Czech market.

We have here Henkel, Benckiser and Unilever in detergents.

Unilever is the least important

because they only serve the premium segment with their brand Omo.

They have probably made a strategic choice

to invest in other countries or other segments

which is also the reason why they don't put a lot of money behind detergents in this market.

Ariel and Persil which are the longer established brands have better brand images and are recalled much better than the brands which were introduced later.

*** PRODUCT DIFFERENCE BETWEEN WESTERN COMPETITORS**

Differences are marginally between us and the western companies.

Henkel for example matches us almost exactly in all the product positioning and performance.

They use a different technology for their Persil

compared to our Ariel and each one works better on some sort of stain

but it is a pretty good match.

*** PRICE DIFFERENCE BETWEEN WESTERN COMPETITORS**

Prices are very closely matched between us and the rest of the western brands.

*** PRICE DIFFERENCE TO LOCAL COMPETITORS**

Initially we were three times more expensive and now we are still about 50% more expensive, which is still a lot.

*** PRODUCT DIFFERENCE TO LOCAL COMPETITORS**

When we started the difference between western premium detergents and local detergents was really night and day. The first year in this market was tremendously successful because of the huge difference in product effectiveness.

*** CHANGES IN CONSUMER BEHAVIOUR**

We had wonderful trials of our premium products during the first year. As we keep improving the local brands and make them better, which makes the price difference to premium segment brands not any longer justified, people switch back.

*** WESTERN BRAND WHICH FAILED**

Well, it depends how you define failure but if you look at Omo and 1.5% - 2% of the market I would not consider as a big success. But if that was their original intention it's OK. Omo came too late offered no innovations and follows a typical me-too strategy. Unilever also has a very poor distribution and Omo therefore has a very poor shelf presence.

*** EDUCATING CONSUMERS**

We made consumers aware of our superior cleaning power at the beginning with a sample promotion and an extremely strong advertising campaign when media was really cheap. They became aware of our product features extremely quickly.

*** MARKET READINESS**

Yes and no. Consumers were very excited and willing to try the product. No because the disposable income has not improved as quickly as we would have wished so that people can't buy it frequently.

*** ORDER OF ENTRY:**

We were relatively early as was Henkel, Benckiser and Unilever started comparatively late.

*** PROBLEMS FOR THE BRAND AT ENTRY**

There were no products on our performance level when we started and we sold very well. We had no particular problems.

*** MAIN MARKETING TOOLS**

Mainly TV and press.

*** FUTURE OF THE GRID**

So far the difference between the western premium and the local/western brands has been reduced and that trend will continue.

*** PRODUCT**

Our international products are standardised.
We do have local brands which are a different story.

*** ADVERTISING**

We use international campaigns

re-shooting locally

and on local brands we have more liberty to develop campaigns locally.

International campaigns if they are the appropriate ones work just as well as locally produced material.

In the beginning we went very heavy on advertising and people said it was too much.

We probably made too much use of the opportunity but we have not seen any negative outcome in sales.

In sales the advertising clearly went into volumes.

*** PRICING**

We have got certain profit margin objectives

and we have costs and the price is the result of that.

Our products have defined formulas

which also means defined costs

so there is very little room to adapt the price.

*** BRAND**

Our international brands are not adapted.

For adaptation to the local markets we have local brands.

*** RANGE**

The range is smaller than in western markets but we are present in all P&G core categories.

*** DECISION TO ENTER INFLUENCED BY COMPETITION?**

If we see a market as an opportunity we go in regardless of the competition.

More often than not we would be earlier than most of our competitors.

*** IMPORTANCE OF BEING FIRST**

The name of P&G has been entrenched in the consumers mind

because we used it much more in advertising than in western markets,

but I don't think it still influences the consumer.

*** WHAT ARE THE ADVANTAGES OF BEING FIRST?**

Because of the longer time we have been here we have stronger brand than our competitors.

Our research shows that our brands always rate higher in all strategic factors than those of our competition.

The internal structure of P&G in the Czech Republic is also very efficient and that probably is also due to the fact that we have been here longer.

A very strong retail presence and a strong sales force.

In the beginning we had a strong media advantage

because of the low prices we could afford lots of advertising

which nobody can match now after prices for media have gone up.

The chance has gone

but our asset from that is still there.

*** MORE DIFFICULT FOR FOLLOWERS**

In providing good products which fitted the market well and creating brand loyalty.

We set the advertising expenditure at a very high level to start with if people want to get equal exposure it costs them much more.

*** HOW SUSTAIN?**

Provide superior products and

do better advertising.

It depends how well we nurture our advantages and brand images.

It always depends on how you preserve your advantages.

*** WHAT ARE THE DISADVANTAGES OF BEING FIRST?**

I don't think being first had any disadvantages in any case.

*** IMMEDIATE OBJECTIVES ACHIEVE BEFORE COMPETITION**

The first objective was to acquire the factory in order to have a manufacturing base and local brands.

We then went for market leadership in our categories.

*** WHAT WERE THE DISADVANTAGES OF BEING LATE?**

We have two models here to look at.

The first being Benckiser who are very good at learning from the pioneers.

They usually take the right lessons from the early starters and are quite successful with that.

They also launched some new brands with some success

which was much more expensive for them than it was for us to launch our brands but they made the commitment and it seems to have paid off.

They have achieved some decent market shares.

For them it has not been a problem to be late.

They also have a policy to hire pioneer staff at relatively high costs but they get all the know how by that.

Lever on the other hand is the model for not having success

they have not learned from P&G and Henkel

who were the successful pioneers.

They are duplicating a western approach

and get stuck into that,

which does not really fit the local market situation.

*** BENEFITS OF LONG TRADITION IN THE MARKET**

P&G products were unavailable in Czech before we entered in 1991.

*** FREERIDER EFFECTS**

I don't think that competitors could make to much use of our experience,

but we showed them pretty much how success was made

and they decided then they want a slice of that cake too.

*** DO YOU HAVE A POLICY ON BEING FIRST OR LATE?**

We have a clear leadership strategy

we try to be first in any market.

In central Europe P&G has followed this pretty consistently

although there were some priorities

in respect of the attractiveness of the markets.

Sometimes you can't afford to be first in all markets

so you have to focus on the most important ones.

*** HOW IMPORTANT ARE WESTERN BRAND NAMES IN THE CZECH REPUBLIC**

The split between western and local brands is 20/80 %

so right now their importance is limited.

Their importance will grow undoubtedly in the future

in line with the economic development.

*** HOW DO BRAND NAMES INFLUENCE CONSUMERS?**

You appeal to their pride

and it is only the question which sort of brand fits their current mood western or Czech.

*** WESTERN PREMIUM BRANDS - EVERYDAY LIFE OBJECTS?**

For some up-scale consumers yes.

For the majority of people on an occasional basis.

With Ariel you find people using it for special clothes

or on special stains

besides a local product.

*** BRAND LOYALTY**

Yes and no.

Up to pretty recently consumers were very eager to try all new products but they tend to switch back to what they liked best and what they can afford in the long run.

This in most cases happens to be a brand which has been here originally and is now re-launched by a western company.

People will always change as long as better or cheaper products come along.

* CHANGES IN ATTITUDES TOWARDS WESTERN BRANDS

Czech and Slovak people are extremely nationalistic and the fact that the cheap brands are their local brands will help them but be a problem for western premium brands.

Western brands were very fashionable initially, because local products were quite bad in packaging and quality.

As local products have been improved significantly people can and do feel proud of them and that means a reversed trend.

People now seem to prefer to buy Czech

and a logo has been developed to give 'Made in Czech' an identity which is easy to recognise.

* HOW DO YOU REACT TO THESE CHANGES

We produce locally

and we deliver the right products at the right price.

We also have invested a lot into Czech brands even before this trend started.

* MAIN LIMITATIONS FOR WESTERN BRANDS

Only price.

* THE FUTURE OF BRANDS IN THE CZECH REPUBLIC

They will work

but it will not be as quickly

and as big as initial figures suggested.

A6.15 Procter & Gamble, Hungary

* PROCTER&GAMBLE HUNGARY, 16.6.1994, INDUSTRY: DETERGENTS

* DATE OF ENTRY:

Procter&Gamble officially opened an office in Budapest in March 1991.
There was some work done before that
but it was when the office was opened that the company started in this market.

* FORM OF ENTRY:

Before we opened the office there were some exports to Hungary
but that was not significant.
The exports were co-ordinated from a general export division
which deals with all the countries in the world which have no P&G representation.
We started at the time with 4 people and since then we now have 70 people working here in
Budapest.
We now have a vice president for Eastern Europe who is located in Germany
and he has a small unit which is still involved in most central and eastern European markets to a
degree,
but we are making most decisions here locally.

* ORDER OF ENTRY:

The big competitors in detergents all entered around the same time.
Before we entered the market with Ariel there were local detergents available
but no western style premium detergent was in the market.
We were first to introduce that segment in Hungary.

* MAJOR COMPETITORS

Henkel is probably our most important competitor in this market.
I don't think that they have a strategy which is all that different from our own.
I can't quite remember if they were earlier in the market than we were
but it can not have been much earlier.
The companies we are competing with are all multinationals
and they all have a lot of experience from other markets
and they all know what worked in other markets and what did not
so everybody is using this vast pool of knowledge
and nobody has a big advantage
because we all have more or less the same know how.

* IMMEDIATE OBJECTIVES

Whenever we launch a brand or a product we have very concrete objectives which we have to
achieve.
All these objectives are quantitative measurements of the success of that particular launch.
Awareness and trial are most important for us to achieve at an early stage
because once people try our product we can convince them with our superior quality and
performance.

*DISTRIBUTION

We sell to wholesalers,
but we also have a sales force which covers the most important retailers.
The number of outlets means that it is very difficult to deal with them.
We have started a van sales operation
which allows us to work even with smaller stores
and cover them reasonably good with our products.
Gaining distribution is not as difficult as maintaining the distribution
because retailers are not very loyal
and if you have fierce competition you may loose some of your distribution pretty quickly
if you don't guard what you have achieved.
It happens that you visit a store and an hour later your competitor comes in and puts your products
out of the shelf into the storage room or takes away your displays.

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out of the shelf into the storage room or takes away your displays.

* CHANGES IN RETAIL INFRA STRUCTURE:

Trade has changed a lot.

At the beginning there was a regional organisation and there was a state owned wholesaler for each county.

Now there is total confusion with wholesalers, state owned and private, stores in private ownership and state owned.

Currently we see an explosion of retailing outlets.

I guess that with the big retailers from the west moving in we will see a concentration process in the future but that has not yet started.

Our research shows amazing figures of how many new small retail outlets have opened during the last 2 years.

Retailers have not yet grasped a western style profit concept and it will take some time before they adopt western style methods.

* PRODUCT DIFFERENCE BETWEEN WESTERN COMPETITORS

Different manufacturers use different formulations and different technology.

Different detergents are good at different stains and therefore they are different in terms of performance but similar in terms of quality.

Every now and then one competitor has an edge here or there but most of the time it is all very level.

* PRODUCT DIFFERENCE TO LOCAL COMPETITORS

When we started the performance difference was huge.

Since then local brands have been upgraded several times and the gap diminishes.

* WESTERN BRAND WHICH FAILED

Failing is a hard word.

I can't see any big failures.

The only one which was a failure in my book is Persil Supra.

I think it's a failure because people here see value for money directly related to weight and size.

They buy big boxes and think they have more for their money than buying a small box with concentrate.

It is not yet possible to make clear to them that the small box is just as effective and worth its money than the big box.

The failure occurred because the market wasn't ready yet for that kind of product.

* MARKET READINESS

Oh yes the market was ready,

consumers were almost waiting for a western style detergents.

When we introduced Ariel the local brands were of very low quality and the difference was huge.

* DIFFICULTY OF THE MARKET

You can't really project the economic development of a market like Hungary and the direction developments go

so that makes it difficult from my point of view.

* PROBLEMS AT INTRODUCTION

In the pharmaceutical area of our company the licensing process is very difficult and lengthy but apart from that I can't think of any particular problems we had.

Distribution was a big challenge but not a problem.

* MAIN MARKETING TOOLS

Like anywhere else in the world mainly TV advertising some press

and posters.

We also do increasingly sales promotion

but still at a lower level compared to a western market.
Sampling we do with hygiene products
but not with detergents and cleaners.

* PRODUCT

Detergents are imported so they have the quality which is produced at our regional facilities.
The products we make here are made to our formulas and with our global policies
I don't think they differ from those produced anywhere else in the world.
We localise only the packaging
because of local regulations.
That P&G localises a product in its formulation is very very rare across the world.
On most packaging we now have local languages.

* ADVERTISING

We use international campaigns as well as developing our own.
It depends on the product.
Whatever exists and seems to be good for the market we use
but if we can't find anything suitable we may re-shoot or re-do a commercials.
A lot of advertising we do is testimonials and they have to be re-done by definition
because only if the consumer can clearly identify with the testimonial it makes sense.
For our re-shoots we use western scripts and just use local actors or people.

* PRICING

Prices are determined by our costs
and the margin we have to achieve
so there is not much scope for adaptations.

* BRAND

Our brands are not adapted
and they stand mostly for the same values as in western markets.
We have our international brands at the same positions as in other markets.
The positions we have have transferred very well into this market if I refer to our main brands like
Ariel.

* RANGE

We have a much more restricted range of products in this market.
We want to concentrate on some of our brands
and when they are very well established
we may introduce more brands.

* ADVANTAGES OF BEING FIRST

One of the advantages was that when we introduced Ariel the difference in performance was huge
and the performance of Ariel looked all the better
because of the poor performance of local brands.
I don't think we had that much of an advantage in the categories which we pioneered
because our competitors would follow quickly with their products into these categories.
The time between our introduction and the competition was too short to gain any real advantage.

* IMPORTANCE OF BEING FIRST

We pioneered a lot of product categories
and for us it is quite important to be early.
In general I wouldn't know whether P&G wants to be the pioneer
but we are definitively trying to be early.
But being early or not is only the start
we are in a market for the long term
and we are not so much interested in short term gains
but in long term perspectives.

* LOCAL MANUFACTURING

We don't have any detergent manufacturing here in Hungary.
We have a regional sourcing strategy,
which means that we produce detergents for the region in the Czech Republic
and we supply the region with paper products from Hungary.
Currently we are not restricted by any quota system or restrictive customs policies
so we can import whatever we want.

*** TAKE OVERS OF LOCAL BRANDS**

We don't have any local detergent brands
but we import a Czech brand TIX

which is positioned in a medium price segment.

At the beginning we were quite concerned whether a Czech brand would take off in Hungary
particularly because of the Czech language on the packaging
but I think that people are quite easy going about it.

*** BENEFITS OF LONG TRADITION IN THE MARKET**

As far as I know Ariel was not sold in hard currency stores.

Some Ariel was around

but it must have been private imports on a very small basis.

I don't think that you could talk of a presence in the market.

I don't think there was any kind of advantage in that.

The name was known from advertising in Austria and Germany through media spill overs.

The media spill overs were quite important in the beginning.

However, the importance and the influence of the spill over effect are not visible in any market
research

because there is very little research from that time,

it is mainly common sense.

*** DISADVANTAGES OF BEING FIRST**

It's not worth it if the risk involved is too high.

Although I don't see a risk which is special to eastern Europe, countries are moving to
westernisation and politics have become relatively stable.

But in my position risk evaluation is not part of the job.

*** DISADVANTAGE OF BEING LATE**

Henkel and Lever have a big advantage because of the local brands they took over.

This is very difficult for us to match

because they have practically bought the major share of the detergents market.

*** CONTROL OF SCARCE ASSETS**

I don't think that any competitor controlled or controls anything which is of importance to us.

*** MAKE UP LOST GROUND**

By excellent marketing

and by doing things better than our competition.

The quality of our products

as well as the quality of our advertising.

I think that we were able to make up for most disadvantages

and that we levelled the playing field in many respects.

*** HOW IMPORTANT ARE WESTERN BRAND NAMES IN HUNGARY**

Western brands have only captured a limited part of the market.

The brand names stand for western quality which is regarded as very high.

The image and the reputation are important

but prices are also taken into consideration.

I don't think that local brands still have the negative connotation

they used to have

because many of them have been upgraded and their quality has improved.

*** WESTERN BRANDS EVERYDAY PRODUCTS**

I think that many consumers would like to buy western brands everyday

but only few can afford that.

Most of the Hungarian consumers can't afford western brands in their every day life
so they buy them and keep them for special occasions.

*** CHANGES ATTITUDE TOWARDS WESTERN BRANDS**

There have been political tendencies recently towards buy local campaigns

but that has not had a great impact.

I think that the general attitude towards western brands has changed as the products have changed.

Local brands which were very bad in former times were not very well regarded for a long time but since they have been improved their reputation grows.

In the beginning people may have been more enthusiastic about western brands but people still like western brands.

* BRAND LOYALTY

Consumers here are not very loyal.

You find a lot of cross usage

and people buy a different brand every time they shop.

In detergents people may have two or three different detergents at home

using the one they think is most appropriate for the clothes they are washing.

I think this behaviour is mainly a result of the economic situation

because people can't afford to be loyal to just one brand without trying all others at one time.

* MAIN LIMITATIONS FOR WESTERN BRANDS

The main limitation lies in their pricing.

Consumers here are not thinking in value terms

they are thinking in price terms.

This means that western brands are always in a bad position

because they are always the most expensive option available.

Only when people will start to think in value terms this disadvantage will be levelled out.

But this is changing as consumers do consider performance as well as price

but it is not yet the rule.

* THE FUTURE OF BRANDS IN HUNGARY

This is difficult because it is difficult to define 'western brand'.

The premium brands will eventually,

depending on an improving economic situation,

become more and more dominant.

A6.16 Stollwerck, Hungary

*** STOLLWERCK HUNGARY, 20.6.1994, INDUSTRY: CONFECTIONERY**

*** DATE OF ENTRY:**

Stollwerck arrived in the Hungarian market in July 1992.

*** FORM OF ENTRY:**

We took over an ex-state run company called Kwity which had 4 factories of which 2 were sold on further 1 to Nestle and 1 to Suchard, 1 was closed and the fourth we kept and currently modernise.

*** KEY SUCCESS FACTORS**

We are not a multinational company.

We are a true German company

which is lead by a strong leader personality Dr. Imhoff, who really has chocolate in his veins and he personally takes care of the company with great success.

The other reason is that we have changed our view towards the Hungarian market drastically last year and have made equally drastic changes.

We have started to concentrate, cleaning the range from over 1100 products down to under 90 products now.

We have stopped whole product segments

which lead to a much more efficient production.

We have cut costs drastically

which gave us advantages which we can use actively in the market to our benefit.

The secret for us is that we cover the whole price range as well as the whole taste range.

*** ORDER OF ENTRY:**

This is difficult to establish.

Nestle was operating in this market for quite some time before we started.

Milka was the best known brand in Hungary before we started.

United Biscuits had bought Györk biscuits before we started,

so I'd say we were number 4 and with that comparatively late.

*** MAJOR COMPETITORS**

We have achieved market leadership in confectioneries.

We are number one in pralines, number two in tablets, number two in bars, in wafers we are number two

and with that we went ahead of Nestle, Mars and Suchard.

We have moved forward one might say.

We have grown more than the market.

After we have made the drastic changes last year you could find three types of competitor reaction: helpless, aggressive or strategic retaliation.

Strategic retaliation means that competitors tried to achieve a similar cost base in an expanding area: chocolate bars.

Nestle failed to achieve this as did Suchard,

who has no production facilities in Hungary and therefore is much too expensive in their production.

In Hungary you have a very wide range of products which are available to the consumer and in which we compete.

The total market range is much wider than in other countries.

We have confectionery products ranging from extremely cheap products like the 'Hassertassy' cookie which has a reasonable quality going up to expensive products which are on a price level like in Germany.

The span of all confectionery ranges is extreme.

We will see many of the very small competitors leave the market

and we will also see that the weaker of the international competitors like Suchard will loose ground which we and Nestle will take.

The interesting fact is that all western companies invested heavily into the market and now the sales are not coming as expected which will make it more difficult.

The grave strategic mistake the local competitors make is that they neglect the niche markets and go head over heels into the large market segments forgetting that it is exactly there, where they are up against all the big ones from the west. Even ourselves with 2 billion DM turnover world wide have to be careful there not to be squeezed out.

*DISTRIBUTION

It is a key success factor that you build a distribution system which ensures the availability of the product on a broad base.

Distribution is not easy in this market because there are many very small outlets and you have some opening and others closing every day.

It is a problem to build and maintain an effective distribution network.

We now have a national distribution which is with our key products between 80 - 90%.

We now have a weighted distribution which is equal to our competitors which was not the case until a couple of months ago.

* CHANGES IN RETAIL INFRA STRUCTURE:

A problem in retailing is the very weak cash flow base

which means that if a retailer has no money he doesn't buy what is not essential which means he doesn't buy our chocolate. The only reason being that he couldn't pay the wholesaler and the wholesaler wouldn't deliver unless he paid.

We have to live with this for the moment

and I hope that we will see international retailers moving into this market

injecting cash into the ailing system

which will not survive unless foreign capital comes in.

I see this as a great danger because the supply to the consumers will break down at some point in the future

if we don't see money going into the retailing system.

* PRICE DIFFERENCE BETWEEN WESTERN COMPETITORS

Most expensive western chocolate tablet is Milka,

followed by Nestle's red

and only then followed by our Alpia,

which is consistently 10 - 15 Forint cheaper than the others.

* PRODUCT DIFFERENCE BETWEEN WESTERN COMPETITORS

We all have more or less the same quality in tablets.

In bars it varies we have a wide range which has bars which are not as good as those of our competitors and we have now introduced some new bars which are much better than those of the competition.

* PRICE DIFFERENCE TO LOCAL COMPETITORS

Similarly with our local brands we are 5 - 7% under other local brands per tablet.

In the segment of Hungarian chocolate bars we have a price which is similar to Suchard.

* WESTERN BRAND WHICH FAILED

Mars is relatively weak and has failed in my opinion.

I think they started on a price level which was much too high.

They recently lowered their price

which came much too late.

They did not have a local factory

and I think they did not want to invest into that

and they were not prepared to operate with a loss for some time

until they reached volumes which would justify production facilities.

Ferrero is another case.

They have withdrawn because they did not get on at all.

They, as Mars, have tried to work with concepts which had been developed in other markets neglecting the differences of the local market.

* DIFFICULTY OF THE MARKET

I think everybody operating in this market has made some sort of misjudgement.

We overestimated the size of the market in volume and value.

We underestimated by far the difficulty and the time needed to change structures within the company as well as with the consumers.

We had great difficulties with the local management and we totally underestimated the investment necessary to get a decent production going.

* MAIN MARKETING TOOLS

We use all marketing tools

and we are carefully building an umbrella brand Stollwerck which covers all our products.

Most important for us is that we build a strong brand.

* PRODUCT

We have many local products which we keep local

because the consumer always bought them for what they were

and we will provide them with what they want.

Our Alpia brand is exactly as in Germany

and we maintain the high quality standard.

* ADVERTISING

Our advertising is typically Hungarian

and it works well according to our research.

We have the intention to be more Hungarian than our competitors Nestle and Suchard.

* PRICING

In markets in which you can not expect a growth in volume within the next couple of years and the average per capita income remain under the inflation rate the price is the most important instrument.

Even more so than in western markets where price is also increasingly important.

* ADVANTAGES OF BEING FIRST

Main advantage was the fact that they were able to rationalise earlier.

Establishing brands was the other great advantage

which luckily they did not do all too well.

Most of them have not used their pioneering advantages as they could have.

Their changes in administration and production were very very slow

and cumbersome

and not guided by very clear objectives.

* CONTROL OF SCARCE ASSETS

I don't think that there was anything which we couldn't get or get access to because of our competition.

I don't think we had any problems of that kind.

* LOCAL MANUFACTURING

We have built up production capacity within three quarters of a year of 10.000 tons pa., which is a distinctive advantage for us.

The competence in price is decided in the production and the cost effectiveness with which you can produce.

We produce all our products locally.

For Alpia a lot of the raw materials we import from Germany

because we can't buy such a high quality here in the country.

But our principle is that if a raw material or a packaging material meets our requirements in quality and price we procure locally.

We have educated our suppliers over a long time

with a lot of effort to supply the qualities we need and want.

You can't imagine how cumbersome this process is to deal with those communist aparatschiks with no dignity and no respect for consumers and customers.

We have made great progress on that procurement front

and we are quite proud on that.

We have invested quite a lot of money in recent months into new production facilities

because we foresee that labour will be as expensive here as it is today in the west

and we want to rely on labour costs as little as possible here as in the west.

* TAKE OVERS OF LOCAL BRANDS

We took over a number of local brand names
and we take great care of them
and build them into real brands as we would in the west.
Those brands have a very great respect in our company
and I see them as very important assets of the company.

* BENEFITS OF LONG TRADITION IN THE MARKET

We were very lucky because the name Stollwerck was known in the market
from before the war and shortly after the war.

Over 80% of the population knew the name Stollwerck.

This means we have a brand name which has a much higher emotional bond to it than any of our competitors.

Stollwerck is something special in that respect.

* DISADVANTAGES OF BEING FIRST

Some of those who came early have disadvantages compared to us,
not because they were early but because of their multinational structure
which is often slow and ineffective.

* DISADVANTAGE OF BEING LATE

Well yes, we had disadvantages

if we would have been earlier we could have achieved a considerably stronger position in the market.

We still suffer from being late

and that we only recently achieved the distribution our earlier competitors had for a long time is a good example of the continued disadvantages we suffer.

Another factor is that we could start to rationalise only much later than those who came earlier
which means production facilities as well as cutting back the range .

We were basically later all the way until now

and every step the pioneers could take at some point we had to follow with some delay.

If we would have started earlier in let's say 1990 or 91 we would today almost have a monopoly in Hungary.

I have to admit that after taking over we spent about 6 - 9 month sleeping not realising what was going on here in Hungary

which cost us a couple of million Deutschmarks, unfortunately.

We were too slow to adapt

as were the others

but we could have made up for lost ground

if we would have not made the same mistakes they made before us.

* FREERIDER EFFECTS

I don't think that we were able to benefit in any way from our competition,
which was definitively a mistake.

We were very much looking into our own backyard

rather than what the others were doing,

we could have probably learned a lot but we didn't.

* BLACK MARKETS

The black market is very important in Hungary

and there is no country in Europe where so much is stolen.

In confectionery the black market takes about 25%,

in coffee ore than 40%

and in cigarettes more than 55% according to Nielsen.

In confectionery Suchard is hit hardest

because their prices are much higher than in western neighbour countries

and that invites black imports and black markets.

We have a more restrained price policy

which means we are not so much affected by the black markets.

* HOW IMPORTANT ARE WESTERN BRAND NAMES IN HUNGARY

The importance of western brands has clearly been overrated in the past.

It now starts to get back to a normal status.

We never rated the brand and the westernness of the brand as very important because we have a tradition from our German company where we have missed the chance of establishing a power brand like Milka so we are not too much in brands.

* CHANGES ATTITUDE TOWARDS WESTERN BRANDS

The borderless acceptance and admiration of western brands has stopped and given way to a critical evaluation regarding price, appearance and general acceptance. Having lost the leading patterns of their socialist lives

Hungarians search for new idols which have a stability in their values.

The traditional Hungarian brands seem to have this much more than the western brands.

This process is ongoing

and it will hold many surprises in the future for us from the west.

It also does not only apply to Hungary but also to Poland the Czech Republic Russia and all another countries.

* CONSUMER BEHAVIOUR

The consumer who has the choice between our premium brand Alpia and our local brand Tibi buys three times as often Tibi than Alpia.

With Boccia you find that they buy 5 or 6 times as often Boccia compared to Nestle.

* BRAND LOYALTY

Loyalty is much less developed than in western Europe.

Brand bonding does not exist here.

To establish brand loyalty will take a long time

and that will be a very difficult and expensive way to go.

* EVERYDAY PRODUCTS

No, not at all.

Compared to the west we are all much more expensive in real terms

which makes it very difficult for local consumers to afford our products.

It is a very disproportionate relationship because the products are much cheaper in western Europe and consumers have a much higher disposable income.

It is very sad but our products remain luxury items for most Hungarians.

* MAIN LIMITATIONS FOR WESTERN BRANDS

Western brands will according to my prognosis never reach a market share of more than 20 - 25% here in Hungary.

They are loosing out quickly currently

partly because of the price policy

and partly because of the improved local brands.

* THE FUTURE OF BRANDS IN HUNGARY

The lower segments will fade out over time

and the premium segments will increase in their importance

because nobody has an interest in producing cheap products.

It will take some time,

definitely more than 2 or 3 years,

until western brands will become normal way of life for the majority of Hungarians.

* FINALLY

It is important that politics remain stable and move constantly towards liberty and liberalisation.

Things have not progressed towards democracy as much as one may think

and there is still a lot to be done.

It is part of our task as western company to lead by example

and show democracy at work in our companies.

The freedom of spirit has to have a chance to develop

and we must be here not only to make profits

but also to bring a little bit of our experience in democracy to these countries.

A6.17 Unilever, Czech Republic

*** UNILEVER CZECH REP., 7.6.1994, INDUSTRY: DETERGENTS**

*** DATE OF ENTRY:**

Until 1992 Unilever exported to Czechoslovakia through Unilever Export which is a company located here in Prague. Unilever export dealt with normal shops not only hard currency shops but Omo was only sold in hard currency shops and probably better known than Ariel. In early 1992 we started with four product groups: Ice-cream, Margarines, Detergents and PCP. All groups work separately although they are in the same building. The detergent business we started in week 13 1992.

*** FORM OF ENTRY:**

We started up a new business parallel to what was Unilever export which still exists on a very small basis. We recently bought a factory which produces margarines, fats and soaps. From this factory we supply our premium brands plus some re-launched Czech margarines which we bought with the factory.

*** ORDER OF ENTRY:**

Henkel came 1990 and immediately acquired the biggest factory in Bratislava and Procter came very early on and it was the first big acquisition in the Czech Republic. The main bulk of detergents now is sold under re-launched local brands which are owned by Henkel and Procter. At some point Benckiser came and we were definitively last in detergents to enter the market. Ariel was the first widely available detergent in the Czech Republic.

***MARKET DIVISION WESTERN/LOCAL**

That depends on the category in toothpaste for example you have 14% western and the rest is local products but then local toothpaste is quite good so it is difficult for western brands to justify the difference in price.

*** IMMEDIATE OBJECTIVES**

You know Unilever was a little bit handicapped from the start because the other competitors had acquired local factories and brands. Our first main objective therefore was to begin somehow. We were lacking people we had no ex-pats in detergents and the real aim was to begin an operation somehow and see later what we could do.

***DISTRIBUTION**

Mainly to wholesalers or big retail chains. Wholesalers distribute to smaller and medium sized retail outlets. We have to visit about 4000 outlets with our merchandising team. Our data shows very well that the better the distribution in an area the better the market shares in those areas. We have minimum orders to avoid dealing with too many retailers. It is not difficult to get access to distribution. We had no disadvantage in this area because of coming in late.

*** CHANGES IN RETAIL INFRA STRUCTURE:**

The number of retail outlets has grown enormously after the revolution. It is also a very diffuse scene as shops open and close on a daily basis.

*** MAJOR COMPETITORS**

Major competitors are Procter and Henkel and Benckiser.

At the beginning Procter put their logo at the end of every spot on TV for every product this caused a negative awareness

because every second and third spot was Procter.

People thought have they bought our TV?

Henkel they also have their logo on every commercial

but they did not advertise so strongly.

The position of the two who came in first Henkel and P&G is very strong but it is not a monopoly.

Some local manufacturer in the PCP area have recently started doing advertising and improved their quality

I expect that they will have to increase their prices as well in the near future.

In detergents there are no local independent brands left

they were all taken over by Henkel and Procter.

*** PRODUCT DIFFERENCE BETWEEN WESTERN COMPETITORS**

Our products and those of our western competitors are in terms of quality comparable. Only very little differences.

*** PRICE DIFFERENCE BETWEEN WESTERN COMPETITORS**

The price position of the western brands are also very similar.

*** PRICE DIFFERENCE TO LOCAL COMPETITORS**

Local products are positioned a bit higher in price than it would be justified by the quality.

Czech products have not risen in price during the last two years,

in most categories the differential is about 30%.

*** PRODUCT DIFFERENCE TO LOCAL COMPETITORS**

There is still a huge difference between western premium products and local brands although they have been upgraded by the new western owners.

The main changes during the re-launch where in packaging and now also advertising.

*** WESTERN BRAND WHICH FAILED**

There are some brands which took big market shares and now they are going down rapidly.

But failures I couldn't really tell.

*** MARKET READINESS**

Most of our products were available before we started through our export division and in most categories I would say yes that the market was ready.

Many products were well known and even without advertising at the start we sold very well.

*** PROBLEMS FOR THE BRAND AT ENTRY**

Our main competitors had their brands already in place.

We came last and that made it difficult.

*** MAIN MARKETING TOOLS**

Advertising is our most important tool

and I guess that 90% of our marketing budget goes into advertising, mainly TV.

We also do since recently some consumer promotions

but that is not the main focus but it gains in importance.

*** PRODUCT**

We import most of our products which makes them similar to what is sold in other markets. Those which are made here are made according to recommended formulas so the quality is the same as in other markets. We do localise the packaging but that is necessary because of legal regulations.

* ADVERTISING

It depends on the product category. We use international campaigns with voice overs for our PCP business and for Omo we recently made two commercials here in the Czech Republic. We do have spots which are made for central Europe but they may come from other markets in this area like Poland or Hungary. For our edible fats every commercial is made here. For cost reasons we try to use as much from the international campaigns as possible. Adaptations done well and proper work just as well as locally produced material. A very important factor is that we don't exaggerate as much as others, so people believe what we say. Advertising is definitively the most important factor in this market. Advertising really works here you advertise and people rush to buy the products.

* PRICING

Basically it reflects the position of the product. Omo is the top quality brand of Unilever detergent so it keeps a proportion to other brands which are locally produced brands. Pricing is mainly based on costs so there can't be a huge difference to western markets. All competitors have the same problem or tactics.

* RANGE

Half of our product range which we currently sell was started in 1992 when Unilever first entered the market.

We now launch successively all other brands. In detergents we had a different position we started with Omo, then came Sunlight dish washing liquid and Ziff surface cleaner.

* BRAND

Omo's image is that of a top quality brand, but people just don't buy it as much as we would wish.

* IMPORTANCE OF BEING FIRST

I don't think this plays a huge role in this market because all the brands came within one year of each other and nobody had a huge time advantage so I think the benefits are not too big. I don't think we have any big disadvantage. Although I don't believe in first mover I admit that this market was special in a way that they started with well made advertising at a time at which advertising and marketing was not really done in this market. Their main advantage is that they have local brands because that is where they get their volume.

* LOCAL MANUFACTURING

We only produce some soaps and creams as well as margarines here.

* DISADVANTAGES OF BEING LAST

Our data shows that we had a disadvantage of being last in the market but in some categories we could make up for it especially in toothpaste and deodorants but not in detergents. In distribution the disadvantage was not too big

because retailers still wanted to get western brands onto their shelves so we gained access relatively easy.
We had it definitely more difficult than the early entrants but I think this has been levelled out and in time there will be no trace of that.

*** HOW MAKE UP FOR LOST GROUND?**

We re-launched Omo this January with improved ingredients and a new technology.

We shot a new commercial which was used quite heavily.

This is our chance: to communicate well the superiority of our products.

We now have a consumer promotion every second month which is usually combined for consumers and trade.

We also have to come up with something new soon to keep the brand alive

because the changes in this market demand that you always have something new.

*** WHAT ARE THE DISADVANTAGES OF BEING FIRST?**

A problem of the pioneer stage is that you start with commercials with people who are clearly not the Czech type

and you only have poor voice overs which is bad to start with.

Cheaply done marketing materials are also a problem of pioneers.

People really think about commercials

and a single detail which is not credible may spoil the whole effect of that commercial.

People here are not used so much to commercials

and they really watch it and every detail is important.

*** BENEFITS OF LONG TRADITION IN THE MARKET**

We benefited a lot in some categories

in which we had not too much competition from other western competitors like in deodorants or soaps because of the export tradition.

In detergents we had some benefit from this

because of the fact that whenever people bought in hard currency shops it was an event and Omo was quite popular in these stores

so we benefited from that limited experience some people had with Omo.

*** HOW IMPORTANT ARE WESTERN BRAND NAMES IN THE CZECH REPUBLIC**

I think they are important.

The importance of the brand name also depends on the product category.

In dish washing liquid the brand name does not play a big role.

People try to buy a decent quality and pay as little as possible.

In consumer electronics for example the name plays a big role.

The advertising made people aware and the brands wanted

so it becomes more important all the time.

*** HOW DO BRAND NAMES INFLUENCE CONSUMERS?**

I often wonder how Czech people manage to buy western brands from their relatively small income.

They see it on TV and they want to buy it.

*** WESTERN PREMIUM BRANDS - EVERYDAY LIFE OBJECTS?**

Not really, because our products are within the premium segment

so they use it for special clothes

or on special occasions.

The majority of people does not use it as everyday products.

It still is the treat for special occasion.

They buy x number of Czech products and as a supplement a western brand which they use only every now and then.

*** BRAND LOYALTY**

It is very difficult to judge.

In PCP I believe people still try a lot
but eventually will stick to what they liked best.
Right now I wouldn't value loyalty too high.
If something is advertised on TV everybody buys it
people are not loyal at all in this market.

* CHANGES IN ATTITUDES TOWARDS WESTERN BRANDS

Changes are definitely taking place.
Initially everybody tried to buy western brands
which they had seen somewhere in an Otto catalogue for example.
But now it is changing a little bit,
not very strongly,
towards Czech produced products.
Western products probably still have an advantage
but it is less than it was
and still narrows down.
Some people I would go as far that they are totally against foreign products
because you pay for the advertising
and the profits go out of the country etc.
but a lot of people believe in western brands and their quality.

* MAIN LIMITATIONS FOR WESTERN BRANDS

Purchasing power is the main limitation.
If people would be able to spend more they would buy more western brands.
People can't afford too many western products
and if the price was different it would be easier.

* THE FUTURE OF BRANDS IN THE CZECH REPUBLIC

The importance of being western or local gets less and less important.
The real importance for brands is going to be quality and price.
I think the future is optimistic because of the experience of the companies selling them
and the good quality combined with well developed advertising.

* FINALLY

The Unilever mistake was the idea that what is successful in western markets must also be
successful in eastern markets
which is not true.
The differences in society are more important than was anticipated by Unilever
and also other companies.
The influence of communism and the old regime make this market a bit special.
I still have the feeling that companies sometimes overestimate the purchasing power,
which does not mean I want to say you can't sell premium products
but you will never gain a big share of the market.
This market will become more and more similar to western markets
and it will become more and more difficult for local producers.
The western brands are already leading in value terms
and it is only a question of time until they will also lead in volume terms.
Unilever is also a special case.
The Czech market is a 'Peripheral Market' in the internal hierarchy
and the headquarters in Holland are not willing to really commit money to this market
which means we can not really do too much about our situation.
If you compare advertising spendings between P&G and Unilever on detergents you know why we
are happy with 3% market share.

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A6.18 Unilever, Poland

* UNILEVER POLAND, 13.5.1994, INDUSTRY: TOOTHPASTE

* DATE OF ENTRY:

We had export agreements with Poland for a long time during which we sold deodorant, detergents and toothpaste through hard currency shops. Unilever entered the market in Poland formally with a subsidiary in late 1992. Signal was probably second or third in the toothpaste market.

* FORM OF ENTRY:

Unilever Polska is a fully owned subsidiary. We now have products in place in all our main markets and also a subsidiary which deals with food products: Van den Bergh foods.

* CHANGES IN RETAIL INFRA STRUCTURE:

Retailing has changed a lot during recent years. A lot of new shops have opened up and consumers have now more choice than ever. We sell mainly through chemists and cosmetic shops and a Polish institution the kiosks. Some products are also found in the bazaars. A problem with the retailing trade is the fact that they do not operate with profits as their clear objective. It is easy with presents but difficult with arguments. It is relatively easy to gain access to the retailers because of this. We came slightly later than others and still achieved a good distribution quite quickly.

* MAJOR COMPETITORS:

Poland has subsidiaries of all big companies and we are up against Procter & Gamble, Henkel, Benckiser and others in toothpaste it is mainly Procter & Gamble and Colgate. In toothpaste Blend-a-med is the market leader followed by Colgate and we are third. Colgate had a lot of problems with their factory in Poland and it took them very long to get over the problems.

* ORDER OF ENTRY:

I don't really know who came when, especially if you also include the time in Pewex stores. In 1992 I think Colgate was first, then Procter and we came just after Procter. But the difference was only months or weeks.

* PROBLEMS FOR THE BRAND AT ENTRY

We had no particular problems at the beginning apart from competition which is not really a problem. The brand was known but only to those who bought in hard currency shops.

* ADVERTISING

Our advertising is both product and brand focused. People need to recognise the brand and its quality but at the same time we have to explain the product features which are unique to us. I don't think that media overspill was important

because most people don't speak western languages
and why should they watch foreign TV anyway.
Some people travelled to western countries
but I don't think toothpaste was something they looked out for.

*** HOME MARKET STRENGTH VS. LOCAL MKT. STR.**

Signal is in all markets amongst the top 3 brands
and in many markets the market leader.
Unilever has traditionally markets in which they do very well
and in others competitors are stronger
but we always aim for the market leader position.

*** MAIN MARKETING TOOLS**

Definitely TV advertising.
Polish people still watch a lot TV
and take in messages well through the TV advertising.
TV is still inexpensive compared to western markets
and it is the most effective medium.
We also use press
and for toothpaste promotions
which are increasingly important.

*** PRODUCT**

The product is the best toothpaste in the market
which was proven in the biggest ever product trial under clinical supervision in Scotland.
The product is completely standardised around the world.

***ADVERTISING**

We use spots which were successful in the west.
This is mainly a cost consideration
but we re-do spots if necessary
to make them relevant to the Polish consumer.

*** PRICING**

We need to achieve a certain margin
and we have the cost base as a fixture
so this determines the price.

*** IMPORTANCE OF BLACK/GREY MARKETS**

They have no relevance for us.
It is different for other industries but not for us.
The Polish law also recently changed to make it easier to police black markets
and that works quite well I think.

*** PRODUCT DIFFERENCE BETWEEN WESTERN COMPETITORS**

Everybody specialises in a certain field.
The market is quite differentiated
and different products have different strengths.
All are of very high quality.

*** PRICE DIFFERENCE BETWEEN WESTERN COMPETITORS**

We all have roughly the same price
and if anyone changes the others usually follow.

*** PRICE DIFFERENCE TO WESTERN COMPETITORS**

The price difference to local products is considerable
and according to market intelligence it is 30 - 40%.

*** PRODUCT DIFFERENCE TO WESTERN COMPETITORS**

Local manufacturer don't have the scientific know how we have.
We put a lot of resources into research on a world wide basis
and it results in superior technology
and product quality,

no local competitor is able to match this.

As I said Signal has been tested and is of very high quality.

*** WESTERN BRAND WHICH FAILED**

I don't really know any.

I think it is too early everybody still thinks they can be successful.

***CHANGES IN CONSUMER BEHAVIOUR**

Consumers go back to local products in many areas.

Especially in food they buy more local products than a couple of months ago.

It is that western products are often too expensive for Polish consumers and after they have tried it they buy local products again.

Local products have been improved now in many cases

and therefore people find they are better value for money than the expensive western brands.

Polish consumers are not loyal to a brand.

They want to test a lot of brands and get their own experience.

***CHANGES IN THE MARKET**

The most important fact is that everything in the Polish market changes so rapidly.

Change is the only constant factor in this market.

*** HOW DO YOU EDUCATE CONSUMERS?**

We use television advertising

because you can get to the majority of consumers with this medium.

We also try to give dentists free samples

to give to their patients

and recommend it to them.

*** WAS THE MARKET READY FOR YOUR PRODUCT?**

Yes, I would think so.

If we would have waited longer the competition would be too far ahead.

*** DECISION TO ENTER INFLUENCED BY COMPETITION?**

The decision was made at a level I am not involved in so I don't know.

*** IMPORTANCE OF BEING FIRST**

The later one enters the market the more difficult it gets.

It is less important to be first, but you should be early.

The markets get easily used to the product of the pioneer

and all other products are then compared to the pioneer

it is therefore important not to let this happen for too long if you are not the pioneer.

*** WHAT ARE THE ADVANTAGES OF BEING FIRST?**

People get used to the brands they see around for a long time.

Colgate now has an advantage

because of their local manufacturing capacities.

*** WHAT ARE THE ADVANTAGES OF BEING LATE**

I think there are no advantages of being late

and I think if we would have been here earlier we would be more successful now.

*** COMMENTS WHILE DRAWING GRID**

We are here at the top.

Local brands are in this area.

*** WHAT HAS CHANGED/WILL CHANGE IN THIS GRID?**

I don't see changes in this

apart from the fact that I imagine the proportion of western sales will go down.

We could only go further up into this direction

but then nobody would be able to afford us anymore.

*** BENEFITS OF LONG TRADITION IN THE MARKET**

We haven't been in this market for long enough to benefit from it.
Being in Pewex was not really being in the market.

*** BENEFITS OF PREVIOUS EXPORTS TO THE MARKET**

No I don't see benefits from that.

*** KEY LEARNINGS FROM COMING LATE**

It is easier if you are the pioneer.

In some segments we pioneered new products
and it is much easier in these areas than for example in toothpaste.

We have achieved a good market share

but it is quite difficult and I think if we had been here a couple of months earlier we could easily be first in the market.

*** IMMEDIATE OBJECTIVES AFTER ENTRY**

We wanted to achieve a good distribution system quickly.

*** OBJECTIVES BEFORE COMPETITION**

There is no major competitor who could still come into the market after us.

The ones which are not yet here are small players and no danger to us.

*** DISTRIBUTION**

We use our own distribution team with their own vans.

Our drivers call at retail shops check displays and shelf presentation
and if necessary sell products.

We also use the wholesalers

but we feel that it is better if we check displays and shelves through our own merchandiser
in order to avoid out of stock and messy displays.

Our competitors who don't have merchandiser teams have out of stock figures which are much higher.

*** DID YOU MAKE IT DIFFICULT FOR YOUR COMPETITORS**

I think we had an advantage in distribution for some time

but now the others are almost as good in this area as we are.

*** FREERIDER**

I don't see any benefits we took from the others.

Maybe at the time we entered the others had educated the consumers
more on toothpaste and the necessity to clean twice a day,

but they benefited more from that than we did.

*** HOW IMPORTANT ARE WESTERN BRAND NAMES IN POLAND**

A lot of people are still very impressed with western brand names
and they are still important.

They used to be more important.

In recent months they have lost a lot of their specialness

and people think twice before they spend a lot of money for a product with a brand name
which is not that much better than a local product.

*** BRAND NAMES INFLUENCE CONSUMERS?**

People are paying more money because of brand names.

Consumers also buy western brands to show off.

They would serve Coca Cola to their guests while they drink the local cola when they are on their own.

Western brands are still a status symbol.

*** BRAND LOYALTY**

Polish consumers like to sample a lot of products.

They buy one brand and then another.

Often they also have a number of different brands in the house at the same time.

You also find they use a local product for everyday and a western brand on special occasions. They are not yet loyal to one brand although our research indicates that we have a high number of rebuys.

* CHANGES IN ATTITUDES TOWARDS WESTERN BRANDS

Western brands were something new when they first arrived. Everybody went crazy about western products and brands in the beginning. At the same time many western companies dumped old products and seconds on the Polish market this was disappointing for many consumers. The attitude has changed to almost a negative attitude now because of the high prices and the quality which is not always there. Recently some Polish business men founded a movement called 'Teraz Polska' which gives recommendations to very high quality products made in Poland. People recognise the label and many take a pride in these products and are proud to buy them. A lot of people are unhappy about the patronising style of many western companies in their advertising and marketing and also in the way they buy out all of the best Polish companies and leave the bad ones behind to close down.

* MAIN LIMITATIONS FOR WESTERN BRANDS

Western brands are too expensive. If the brands were cheaper they would sell better, as they are not this is their main limitation.

* THE FUTURE OF BRANDS

Western brands will have it more and more difficult if the trend back to local brands continues. It was quite easy for western brands in Poland during the last couple of years but these times are over. The 'Teraz Polska' movement is one development which western brand manufacturers should watch carefully as they will feel the shift in consumer preference even stronger in the future.

Appendix A7

Transcripts of Codings in Nudist

A7.1 Code Adresses

- (1) /Stages of C
- (1 1) /Stages of C/Date of Entry
- (1 2) /Stages of C/Entry Form
- (1 3) /Stages of C/Order of Entry
- (1 3 1) /Stages of C/Order of Entry/Result of OoE
- (1 4) /Stages of C/Stage Up
- (1 4 1) /Stages of C/Stage Up/Speed of
- (1 4 2) /Stages of C/Stage Up/Change Objectives

- (2) /Market Experience
- (2 1) /Market Experience/Recent Trad.
- (2 2) /Market Experience/Long Trad.
- (2 2 1) /Market Experience/Long Trad./timely prop.
- (2 2 2) /Market Experience/Long Trad./Results

- (3) /Competition
- (3 1) /Competition/Western
- (3 2) /Competition/Local
- (3 3) /Competition/New Entrants
- (3 4) /Competition/Portfolio Dev.
- (3 5) /Competition/Hanging On
- (3 5 1) /Competition/Hanging On/Too Early

- (4) /Objectives
- (4 1) /Objectives/First
- (4 2) /Objectives/Second

- (5) /Retail Infra S.
- (5 1) /Retail Infra S./Dev. of Ret. sc Rev.

- (6) /Distribution
- (6 1) /Distribution/Ret. Sophistication
- (6 2) /Distribution/Ret. Education
- (6 3) /Distribution/Focus of Dist.
- (6 4) /Distribution/Problems
- (6 4 1) /Distribution/Problems/Number of Outlets
- (6 4 2) /Distribution/Problems/Bad Debts
- (6 4 3) /Distribution/Problems/Other

- (7) /Directions of Dev.
- (7 1) /Directions of Dev./Concentric
- (7 2) /Directions of Dev./Young lead Old

- (8) /Adaptation
- (8 1) /Adaptation/Concepts
- (8 2) /Adaptation/Techniques
- (8 3) /Adaptation/Products
- (8 4) /Adaptation/Non Adapation
- (8 5) /Adaptation/Restricted Adapt.

- (9) /Consumer Education
- (9 1) /Consumer Education/Need for
- (9 2) /Consumer Education/How to

- (10) /Positioning
- (10 1) /Positioning/Product
- (10 2) /Positioning/Quality
- (10 3) /Positioning/Price
- (10 3 1) /Positioning/Price/International

- (11) /Market Readiness
- (11 1) /Market Readiness/Waiting Market
- (11 2) /Market Readiness/Purchasing Power
- (11 3) /Market Readiness/Consumer Needs
- (11 4) /Market Readiness/Competition
- (12) /Main Marketing Tools

- (13) /Perceived Rewards of Pio.
- (13 1) /Perceived Rewards of Pio./Importance of Pio.

- (14) /Pioneering Blur

- (15) /Pioneering Policy

- (16) /Freerider Effects
- (16 1) /Freerider Effects/Outspending

- (17) /Penalties for Latecomers

- (18) /Relative Time Advantage

- (19) /Key to Success

- (20) /Brand Loyalty
- (20 1) /Brand Loyalty/Consumer
- (20 2) /Brand Loyalty/Retailer

- (21) /Image of western Brands

- (22) /Limitations to western Brands

- (23) /Attitude to Brands
- (23 1) /Attitude to Brands/Western
- (23 1 1) /Attitude to Brands/Western/Changes
- (23 2) /Attitude to Brands/Local
- (23 2 1) /Attitude to Brands/Local/Changes

- (24) /Changing Brands
- (24 1) /Changing Brands/Western
- (24 1 1) /Changing Brands/Western/Results
- (24 2) /Changing Brands/Local
- (24 2 1) /Changing Brands/Local/Results

- (25) /Changing Society
- (25 1) /Changing Society/Results

- (26) /Market Parameters

- (27) /Euphoria
- (27 1) /Euphoria/Manufacturer
- (27 2) /Euphoria/Retailer
- (27 3) /Euphoria/Consumer

- (28) /HQ Relations

- (29) /Future of Brands
- (29 1) /Future of Brands/Western
- (29 2) /Future of Brands/Local

- (30) /Portfolio Development

- (31) /Importance of Brandname
- (31 1) /Importance of Brandname/Western

A7.2 Codes

(1) /Stages of C

TEXT IN ALL DOCUMENTS:

+++++

bdfcz

+++++

Retrieval for this document: 9 units out of 241, = 3.7%

* BEIERSDORF BDF CZECH REP., 7.6.1994, INDUSTRY: PCP

* PRODUCT 103

----- TEXT UNITS 104-111:

Since we produce Nivea cream locally there is a difference to the German Nivea cream. 104
 This difference lies in a different production process 105
 which is more advanced in Germany 106
 and which would be too expensive to have over here. 107
 So there is a slight difference 108
 which you wouldn't notice if you weren't told. 109
 All other products are imported from Germany 110
 so they have the original formulation. 111

* BENEFITS OF LONG TRADITION IN THE MARKET 174

----- TEXT UNITS 177-177:

Nivea was available as the only western brand across the country in all regions. 177

+++++

CCPL

+++++

Retrieval for this document: 15 units out of 439, = 3.4%

* COCA COLA SYSTEMS POLAND, 10.5.1994, INDUSTRY: SOFT DRINKS

* FORM OF ENTRY: 24

----- TEXT UNITS 25-39:

At that time (1989) then Coca Cola decided to invest 250 million dollars into this market 25
 in 3 years from 1989 to 1992. 26
 We set up a systems office here in Warsaw in 1989 27
 and we started to look for joint venture partners. 28
 That was not Polish joint venture partners 29
 but companies who were already joint venture partners of Coca Cola in the West 30
 to fund jointly bottling operations here in Poland. 31

Until 3 months ago we had here in Poland 3 100% Cola
 owned bottling operations, 32
 2 with joint venture partners from the West, 33
 one from Sweden and the Austrian Brau AG. 34
 All remaining contracts with Polish bottlers have
 been cancelled 35
 and run out in a few months. 36
 We firstly invested into bottling, 37
 then into distribution trucks 38
 and now we invest into people and advertising. 39

+++++

COLPL

+++++

Retrieval for this document: 16 units out of 453, = 3.5%

 * COLGATE PALMOLIVE POLAND, 9.5.1994, INDUSTRY:
 TOOTHPASTE

 * DATE OF ENTRY: 1

----- TEXT UNITS 3-8:

Officially we started in 1992 3
 with a sales operation. 4
 But before 1992 we were already very active in the
 Polish market. 5
 Just after the wall came down we had our Euro-export
 group working on the Polish market. 6
 During the communist regime we also had exports to
 the Polish market 7
 to state owned chain shops. 8

 * WHAT HAS CHANGED/WILL CHANGE IN THIS GRID? 273

----- TEXT UNITS 274-278:

Some people buy local manufacturing capacity 274
 and they enter the low quality segment with their
 local brand. 275
 They then introduce a medium segment brand. 276
 We will eventually do the same, 277
 but that is still a secret. 278

 * BENEFITS OF PREVIOUS EXPORTS TO THE MARKET 291

----- TEXT UNITS 292-296:

No, I don't see any benefits of that 292
 as the exports were handled by our export division in
 France or Germany. 293
 People who have an aggressive sales driven
 organisation may benefit. 294
 A lot changed and many people who were important
 while we exported lost their position 295
 because of entrepreneurs who took over. 296

+++++
HENHUN
+++++
Retrieval for this document: 1 unit out of 381, = 0.26%

* HENKEL HUNGARY, 22.6.1994, INDUSTRY: DETERGENTS

* PRODUCT 145

----- TEXT UNITS 146-146:

We produce most of our products locally. 146

+++++
HENPL
+++++
Retrieval for this document: 12 units out of 328, = 3.7%

* HENKEL COSMETICS POLAND, 11.5.1994, INDUSTRY: PCP

* DATE OF ENTRY: 1

----- TEXT UNITS 2-5:

It was early 1992 that we entered Poland 2
with our standard brand FA. 3
Firstly Henkel entered with their detergents business 4
because that is a core business area of the company. 5

* FORM OF ENTRY: 7

----- TEXT UNITS 8-12:

We entered a joint venture with a Polish partner 8
which at the time was a condition to do business in
Poland 9
but since we first entered we bought our partner out
step by step 10
and since recently we own 100% of the company. 11
12

* PROBLEMS FOR THE BRAND AT ENTRY 54

----- TEXT UNITS 55-57:

In the beginning we had to import all PCPs from
Germany 55
which had a negative effect on pricing 56
because of import duties 57

+++++
JJCZ
+++++
Retrieval for this document: 8 units out of 317, = 2.5%

* JOHNSON&JOHNSON CZECH REP., 8.6.1994, INDUSTRY: PCP

* PRODUCT 133

----- TEXT UNITS 134-134:

All our products are imported 134

*LOCAL MANUFACTURING 184

----- TEXT UNITS 185-189:

If they can get the local input to their products, 185
if the local input can produce products on the level
which is required by their western guidelines. 186
I think that the western companies who have
facilities here have a hard time doing that. 187
In fact I think that in the final analysis a lot of
them found that it costs them just as much to make a
product here than it would in Germany 188
because the raw material have to be imported and that
means no price advantage. 189

* HOW MAKE UP FOR LOST GROUND? 227

----- TEXT UNITS 232-233:

and also the fact that they work through a
distributor 232
and have no own sales people in the country. 233

+++++
Total number of text units retrieved = 61
Retrievals in 6 out of 19 documents, = 32%.
The documents with retrievals have a total of 2159 text
units,
so text units retrieved in these documents = 2.8%.
All documents have a total of 5487 text units,
so text units found in these documents = 1.1%.

* DOUWE-EGBERTS HUNGARY, 22.6.1994, INDUSTRY: COFFEE

* DATE OF ENTRY: 1

----- TEXT UNITS 2-2:

At the beginning of 1991 Douwe Egberts struck a deal
to buy Compack 2

+++++
HENHUN
+++++
Retrieval for this document: 1 unit out of 381, = 0.26%

* HENKEL HUNGARY, 22.6.1994, INDUSTRY: DETERGENTS

* DATE OF ENTRY: 1

----- TEXT UNITS 2-2:

The initial entry with the joint venture was in 1987. 2

+++++
HENPL
+++++
Retrieval for this document: 2 units out of 328, = 0.61%

* HENKEL COSMETICS POLAND, 11.5.1994, INDUSTRY: PCP

* DATE OF ENTRY: 1

----- TEXT UNITS 2-3:

It was early 1992 that we entered Poland 2
with our standard brand FA. 3

+++++
JJCZ
+++++
Retrieval for this document: 1 unit out of 317, = 0.32%

* JOHNSON&JOHNSON CZECH REP., 8.6.1994, INDUSTRY: PCP

* DATE OF ENTRY: 1

----- TEXT UNITS 2-2:

We started the business of the consumer side in May
1992. 2

+++++
JJPL
+++++
Retrieval for this document: 1 unit out of 223, = 0.45%

(1 1) /Stages of C/Date of Entry

TEXT IN ALL DOCUMENTS:

+++++

bdfcz

+++++

Retrieval for this document: 1 unit out of 241, = 0.41%

* BEIERSDORF BDF CZECH REP., 7.6.1994, INDUSTRY: PCP

* DATE OF ENTRY: 1

----- TEXT UNITS 2-2:

BDF started in the Czech Republic with a subsidiary
in 1991. 2

+++++

CCPL

+++++

Retrieval for this document: 2 units out of 439, = 0.46%

* COCA COLA SYSTEMS POLAND, 10.5.1994, INDUSTRY: SOFT
DRINKS

* FORM OF ENTRY: 24

----- TEXT UNITS 25-26:

At that time (1989) then Coca Cola decided to invest
250 million dollars into this market 25
in 3 years from 1989 to 1992. 26

+++++

COLPL

+++++

Retrieval for this document: 2 units out of 453, = 0.44%

* COLGATE PALMOLIVE POLAND, 9.5.1994, INDUSTRY:
TOOTHPASTE

* DATE OF ENTRY: 1

----- TEXT UNITS 3-4:

Officially we started in 1992 3
with a sales operation. 4

+++++

DEHUN

+++++

Retrieval for this document: 1 unit out of 307, = 0.33%

* JOHNSON&JOHNSON POLAND, 8.6.1994, INDUSTRY: PCP

* DATE OF ENTRY: 1

----- TEXT UNITS 2-2:

Johnson&Johnson entered Poland with consumer products
about 1990. 2

+++++
KJSCZ
+++++
Retrieval for this document: 1 unit out of 203, = 0.49%

* KRAFT JACOBS SUCHARD CZECH REP., 8.6.1994,
INDUSTRY: CONFECTIONERY

* DATE OF ENTRY: 1

----- TEXT UNITS 2-2:

The company KJS entered the market in 1993. 2

+++++
KJSHUN
+++++
Retrieval for this document: 1 unit out of 164, = 0.61%

* KRAFT JACOBS SUCHARD HUNGARY, 17.6.1994, INDUSTRY:
/COFFEE CONFECTIONERY

* DATE OF ENTRY: 1

----- TEXT UNITS 2-2:

We acquired a local coffee roaster in 1992 from
Nestle who had bought the factory from Stollwerck. 2

+++++
PGCZ
+++++
Retrieval for this document: 1 unit out of 264, = 0.38%

* PROCTER&GAMBLE CZECH REP., 8.6.1994, INDUSTRY:
DETERGENTS

* DATE OF ENTRY: 1

----- TEXT UNITS 2-2:

P&G entered in 1991 2

+++++

PGHUN

+++++

Retrieval for this document: 1 unit out of 258, = 0.39%

* PROCTER&GAMBLE HUNGARY, 16.6.1994, INDUSTRY:
DETERGENTS

* DATE OF ENTRY: 1

----- TEXT UNITS 2-2:

Procter&Gamble officially opened an office in
Budapest in March 1991. 2

+++++

STOLHUN

+++++

Retrieval for this document: 1 unit out of 266, = 0.38%

* STOLLWERCK HUNGARY, 20.6.1994, INDUSTRY:
CONFECTIONERY

* DATE OF ENTRY: 1

----- TEXT UNITS 2-2:

Stollwerck arrived in the Hungarian market in July
1992. 2

+++++

UNLCZ

+++++

Retrieval for this document: 1 unit out of 285, = 0.35%

* UNILEVER CZECH REP., 7.6.1994, INDUSTRY: DETERGENTS

* DATE OF ENTRY: 1

----- TEXT UNITS 2-2:

Until 1992 Unilever exported to Czechoslovakia 2

+++++

UNLHUN

+++++

Retrieval for this document: 1 unit out of 175, = 0.57%

* UNILEVER HUNGARY, 9.7.1994, INDUSTRY: EDIBLE FATS

* FORM OF ENTRY: 14

----- TEXT UNITS 15-15:

The company Unilever was set up in 1991 with a
handful of people. 15

+++++

UNLPL

+++++

Retrieval for this document: 1 unit out of 268, = 0.37%

* UNILEVER POLAND, 13.5.1994, INDUSTRY: TOOTHPASTE

* DATE OF ENTRY: 1

----- TEXT UNITS 5-5:

with a subsidiary in late 1992. 5

+++++

Total number of text units retrieved = 19

Retrievals in 16 out of 19 documents, = 84%.

The documents with retrievals have a total of 4572 text
units,

so text units retrieved in these documents = 0.42%.

All documents have a total of 5487 text units,

so text units found in these documents = 0.35%.

(1 2) /Stages of C/Entry Form

TEXT IN ALL DOCUMENTS:

+++++

bdfcz

+++++

Retrieval for this document: 1 unit out of 241, = 0.41%

* BEIERSDORF BDF CZECH REP., 7.6.1994, INDUSTRY: PCP

* DATE OF ENTRY: 1

----- TEXT UNITS 3-3:

We were the first western cosmetics company to establish a subsidiary in this market. 3

+++++

CCPL

+++++

Retrieval for this document: 14 units out of 439, = 3.2%

* COCA COLA SYSTEMS POLAND, 10.5.1994, INDUSTRY: SOFT DRINKS

* DATE OF ENTRY: 1

----- TEXT UNITS 18-23:

Now we own bottling, 18
have bottling with reliable joint venture partners, 19
we own our trucks 20
and we manage advertising 21
and distribution. 22
23

* FORM OF ENTRY: 24

----- TEXT UNITS 27-34:

We set up a systems office here in Warsaw in 1989 27
and we started to look for joint venture partners. 28
That was not Polish joint venture partners 29
but companies who were already joint venture partners
of Coca Cola in the West 30
to fund jointly bottling operations here in Poland. 31
Until 3 months ago we had here in Poland 3 100% Cola
owned bottling operations, 32
2 with joint venture partners from the West, 33
one from Sweden and the Austrian Brau AG. 34

+++++

COLPL

+++++

Retrieval for this document: 4 units out of 453, = 0.88%

* COLGATE PALMOLIVE POLAND, 9.5.1994, INDUSTRY:
TOOTHPASTE

* FORM OF ENTRY: 19

----- TEXT UNITS 20-23:

Colgate Poland is a joint venture. 20
The majority stake is held by Colgate mother company
in New York. 21
The joint venture was a completely independent set up. 22
23

+++++
DEHUN
+++++
Retrieval for this document: 7 units out of 307, = 2.3%

* DOUWE-EGBERTS HUNGARY, 22.6.1994, INDUSTRY: COFFEE

* DATE OF ENTRY: 1

----- TEXT UNITS 2-4:

At the beginning of 1991 Douwe Egberts struck a deal
to buy Compack 2
one of the two companies of the former coffee
monopoly, 3
which had 70% of the total market. 4

* FORM OF ENTRY: 13

----- TEXT UNITS 14-17:

Initially we agreed on a 49% joint venture share. 14
We then subsequently bought 70% 15
and right now we own 99% 16
and the remaining 1% is held by our employees. 17

+++++
HENHUN
+++++
Retrieval for this document: 1 unit out of 381, = 0.26%

* HENKEL HUNGARY, 22.6.1994, INDUSTRY: DETERGENTS

* DATE OF ENTRY: 1

----- TEXT UNITS 2-2:

The initial entry with the joint venture was in 1987. 2

+++++

HENPL

+++++

Retrieval for this document: 8 units out of 328, = 2.4%

* HENKEL COSMETICS POLAND, 11.5.1994, INDUSTRY: PCP

* FORM OF ENTRY: 7

----- TEXT UNITS 8-12:

We entered a joint venture with a Polish partner 8
which at the time was a condition to do business in
Poland 9
but since we first entered we bought our partner out
step by step 10
and since recently we own 100% of the company. 11
12

* DECISION TO ENTER INFLUENCED BY COMPETITION? 194

----- TEXT UNITS 197-199:

We entered with our strongest brands 197
in order to gain good positions in these markets 198
and the competition was not a major influence at that
stage I would think. 199

+++++

JJCZ

++++

Retrieval for this document: 5 units out of 317, = 1.6%

* JOHNSON&JOHNSON CZECH REP., 8.6.1994, INDUSTRY: PCP

* FORM OF ENTRY: 8

----- TEXT UNITS 9-13:

We have in this market two divisions the consumer
division and the professional division 9
which sells to hospitals and doctors. 10
The advantage we have here is that we work very
closely with the professional division 11
and we get their clients to endorse our products. 12
In the states you would know that the other divisions
and subdivisions are part of J&J but you would have
no interaction. 13

+++++

KJSCZ

++++

Retrieval for this document: 5 units out of 203, = 2.5%

* KRAFT JACOBS SUCHARD CZECH REP., 8.6.1994,
INDUSTRY: CONFECTIONERY

* FORM OF ENTRY: 4

----- TEXT UNITS 5-9:

We started as Jacobs Suchard Czechoslovakia because
at that time it was still one country. 5

We are now divided into two separate entities 6

KJS Czech Republic and Jacobs Suchard Figaro in
Slovakia 7

because we took over the biggest chocolate
manufacturer in this market. 8

We also bought some factories in the Czech Republic
last year and at the beginning of 1994. 9

+++++

KJSHUN

+++++

Retrieval for this document: 1 unit out of 164, = 0.61%

* KRAFT JACOBS SUCHARD HUNGARY, 17.6.1994, INDUSTRY:
/COFFEE CONFECTIONERY

* DATE OF ENTRY: 1

----- TEXT UNITS 2-2:

We acquired a local coffee roaster in 1992 from
Nestle who had bought the factory from Stollwerck. 2

+++++

NESCZ

+++++

Retrieval for this document: 3 units out of 371, = 0.81%

* NESTLE CZECH REP., 6.6.1994, INDUSTRY: CONFECTIONERY

* FORM OF ENTRY: 7

----- TEXT UNITS 22-24:

Now we have two Nestles in this country, 22

one is the coffee and dry foods division 23

and the other is the chocolate and biscuit division. 24

+++++

UNLCZ

+++++

Retrieval for this document: 1 unit out of 285, = 0.35%

* UNILEVER CZECH REP., 7.6.1994, INDUSTRY: DETERGENTS

* FORM OF ENTRY: 14

----- TEXT UNITS 15-15:

We started up a new business parallel to what was
Unilever export 15

++++++
UNLPL
+++++
Retrieval for this document: 3 units out of 268, = 1.1%

* UNILEVER POLAND, 13.5.1994, INDUSTRY: TOOTHPASTE

* FORM OF ENTRY: 8

----- TEXT UNITS 9-11:

Unilever Polska is a fully owned subsidiary. 9
We now have products in place in all our main markets 10
and also a subsidiary which deals with food products:
Van den Bergh foods. 11

++++++
Total number of text units retrieved = 53
Retrievals in 12 out of 19 documents, = 63%.
The documents with retrievals have a total of 3757 text
units,
so text units retrieved in these documents = 1.4%.
All documents have a total of 5487 text units,
so text units found in these documents = 0.97%.

(1 3) /Stages of C/Order of Entry

TEXT IN ALL DOCUMENTS:

+++++

bdfcz

+++++

Retrieval for this document: 2 units out of 241, = 0.83%

* BEIERSDORF BDF CZECH REP., 7.6.1994, INDUSTRY: PCP

* DATE OF ENTRY: 1

----- TEXT UNITS 3-3:

We were the first western cosmetics company to
establish a subsidiary in this market. 3

* ORDER OF ENTRY: 12

----- TEXT UNITS 13-13:

We were first in many ways. 13

+++++

DEHUN

+++++

Retrieval for this document: 8 units out of 307, = 2.6%

* DOUWE-EGBERTS HUNGARY, 22.6.1994, INDUSTRY: COFFEE

* DECISION TO PIONEER 19

----- TEXT UNITS 21-26:

The question always is whether your shareholders
permit such a strategy. 21
At the time when we went into Hungary Jacobs was just
taken over by Kraft 22
and the whole organisation was in shambles. 23
Once they saw we were moving into central and eastern
Europe 24
and we were making money 25
they saw that there were other markets apart from
Germany and they followed us. 26

* ORDER OF ENTRY: 37

----- TEXT UNITS 38-39:

Eduscho was in Hungary since 1990 38
and also the first which produced locally and sold
under a foreign brand name. 39

+++++

HENHUN

+++++

Retrieval for this document: 5 units out of 381, = 1.3%

* HENKEL HUNGARY, 22.6.1994, INDUSTRY: DETERGENTS

* ORDER OF ENTRY: 40

----- TEXT UNITS 41-45:

Henkel was first,	41
followed by Lever	42
and Procter	43
last came Benckiser.	44
	45

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HENPL

+++++

Retrieval for this document: 7 units out of 328, = 2.1%

* HENKEL COSMETICS POLAND, 11.5.1994, INDUSTRY: PCP

* MAJOR COMPETITORS: 33

----- TEXT UNITS 39-45:

You find German, French, British, Dutch, Spanish,	
Italian and more cosmetic companies selling their	
products in this market.	39
I doubt that there is a single market in the world	
which has a greater choice of products in such a	
small market.	40
This situation occurred because first those companies	
came who always exported to Poland	41
like ourselves	42
than all the others came because they thought they	
can easily claim the territory for themselves	43
and now we have the third wave of products sold	
through importers	44
who think they can still benefit from the demand for	
western brands.	45

+++++

JJCZ

++++

Retrieval for this document: 3 units out of 317, = 0.95%

* JOHNSON&JOHNSON CZECH REP., 8.6.1994, INDUSTRY: PCP

* ORDER OF ENTRY: 17

----- TEXT UNITS 18-20:

Tampax is our most important competitor in tampons, 18

they were one year earlier than we were. 19
In baby cosmetics we were first. 20

+++++

JJPL

++++

Retrieval for this document: 6 units out of 223, = 2.7%

* JOHNSON&JOHNSON POLAND, 8.6.1994, INDUSTRY: PCP

* ORDER OF ENTRY: 24

----- TEXT UNITS 25-27:

During the early 90s all major players came into the
market 25
around the same time 26
and there was no real difference in time. 27

* DECISION TO ENTER INFLUENCED BY COMPETITION? 85

----- TEXT UNITS 86-88:

We were one of the first 86
but it is always the same if you see your competitor
going some place you think that you should be there
as well in case you miss the boat. 87
So in places we are not first we will follow quickly
if somebody else makes a move. 88

+++++

KJSCZ

++++

Retrieval for this document: 1 unit out of 203, = 0.49%

* KRAFT JACOBS SUCHARD CZECH REP., 8.6.1994,
INDUSTRY: CONFECTIONERY

* ORDER OF ENTRY: 11

----- TEXT UNITS 12-12:

We were amongst the last, if not the last to enter. 12

+++++

NESCZ

++++

Retrieval for this document: 5 units out of 371, = 1.3%

* NESTLE CZECH REP., 6.6.1994, INDUSTRY: CONFECTIONERY

* ORDER OF ENTRY: 26

----- TEXT UNITS 27-31:

It is very difficult to establish an order of entry 27
 because most companies came around the same time. 28
 We were maybe a little late but not too late, 29
 we did not suffer big disadvantages from our time of
 entry. 30
 In coffee Jacobs came much later 31

++++
 NESHUN
 +++++
 Retrieval for this document: 10 units out of 221, = 4.5%

 * NESTLE HUNGARY, 23.6.1994, INDUSTRY:
 COFFEE/CONFECTIONERY

 * ORDER OF ENTRY: 24

----- TEXT UNITS 25-34:

In coffee we came into this market as third. 25
 Eduscho was first 26
 then Douwe Egberts 27
 and then Nestle with Franck, 28
 Tchibo came with us around the same time 29
 and last came Jacobs which was exporting to Hungary
 on a small basis. 30
 In chocolate we were first, 31
 Mars on an import basis started 6 months after us, 32
 Stollwerck came a year after us 33
 and Jacobs Suchard came last. 34

++++
 PEPPL
 +++++
 Retrieval for this document: 1 unit out of 323, = 0.31%

 * PEPSI POLAND, 11.5.1994, INDUSTRY: SOFT DRINKS

 * MAJOR COMPETITORS: 61

----- TEXT UNITS 62-62:

Pepsi entered the market at the same time as Coca
 Cola, 62

++++
 PGCZ
 +++++
 Retrieval for this document: 2 units out of 264, = 0.76%

 * PROCTER&GAMBLE CZECH REP., 8.6.1994, INDUSTRY:
 DETERGENTS

 * ORDER OF ENTRY: 96

----- TEXT UNITS 97-98:

We were relatively early as was Henkel, Benckiser 97
and Unilever started comparatively late. 98

+++++
PGHUN

+++++
Retrieval for this document: 7 units out of 258, = 2.7%

* PROCTER&GAMBLE HUNGARY, 16.6.1994, INDUSTRY:
DETERGENTS

* ORDER OF ENTRY: 16

----- TEXT UNITS 17-20:

The big competitors in detergents all entered around
the same time. 17
Before we entered the market with Ariel there were
local detergents available 18
but no western style premium detergent was in the
market. 19
We were first to introduce that segment in Hungary. 20

* MAJOR COMPETITORS 22

----- TEXT UNITS 24-26:

I don't think that they have a strategy which is all
that different from our own. 24
I can't quite remember if they were earlier in the
market than we were 25
but it can not have been much earlier. 26

+++++
STOLHUN

+++++
Retrieval for this document: 5 units out of 266, = 1.9%

* STOLLWERCK HUNGARY, 20.6.1994, INDUSTRY:
CONFECTIONERY

* ORDER OF ENTRY: 22

----- TEXT UNITS 23-27:

This is difficult to establish 23
Nestle was operating in this market for quite some
time before we started. 24
Milka was the best known brand in Hungary before we
started. 25
United Biscuits had bought Györk biscuits before we
started, 26
so I'd say we were number 4 and with that

comparatively late.

27

+++++

UNLCZ

+++++

Retrieval for this document: 6 units out of 285, = 2.1%

* UNILEVER CZECH REP., 7.6.1994, INDUSTRY: DETERGENTS

* ORDER OF ENTRY:

22

----- TEXT UNITS 23-25:

Henkel came 1990 and immediately acquired the biggest
factory in Bratislava 23
and Procter came very early on 24
and it was the first big acquisition in the Czech
Republic. 25

----- TEXT UNITS 28-30:

At some point Benckiser came 28
and we were definitively last in detergents to enter
the market. 29
Ariel was the first widely available detergent in the
Czech Republic. 30

+++++

UNLHUN

+++++

Retrieval for this document: 1 unit out of 175, = 0.57%

* UNILEVER HUNGARY, 9.7.1994, INDUSTRY: EDIBLE FATS

* ORDER OF ENTRY:

36

----- TEXT UNITS 37-37:

Well as we have no other western competitor in edible
fats we were first and there may be a follower later
this year. 37

+++++

UNLPL

+++++

Retrieval for this document: 7 units out of 268, = 2.6%

* UNILEVER POLAND, 13.5.1994, INDUSTRY: TOOTHPASTE

* DATE OF ENTRY:

1

----- TEXT UNITS 6-6:

Signal was probably second or third in the toothpaste
market. 6

* ORDER OF ENTRY: 37

----- TEXT UNITS 40-43:

In 1992 I think Colgate was first, 40
then Procter 41
and we came just after Procter. 42
But the difference was only months or weeks. 43

* OBJECTIVES BEFORE COMPETITION 195

----- TEXT UNITS 196-197:

There is no major competitor who could still come
into the market after us. 196
The ones which are not yet here are small players and
no danger to us. 197

+++++

Total number of text units retrieved = 76
Retrievals in 16 out of 19 documents, = 84%.
The documents with retrievals have a total of 4431 text
units,
so text units retrieved in these documents = 1.7%.
All documents have a total of 5487 text units,
so text units found in these documents = 1.4%.

(1 3 1) /Stages of C/Order of Entry/Result of
OoE

TEXT IN ALL DOCUMENTS:

++++++
bdfcz

+++++

Retrieval for this document: 2 units out of 241, = 0.83%

* BEIERSDORF BDF CZECH REP., 7.6.1994, INDUSTRY: PCP

* ORDER OF ENTRY: 12

----- TEXT UNITS 15-16:

and after the revolution we were the first to
establish a subsidiary in this market. 15

All big western companies in the PCP and cosmetics
sector have since then established their operations
in this market. 16

++++++
NESCZ

+++++

Retrieval for this document: 4 units out of 371, = 1.1%

* NESTLE CZECH REP., 6.6.1994, INDUSTRY: CONFECTIONERY

* DATE OF ENTRY: 1

----- TEXT UNITS 2-5:

It would have been easier for us if we would have
been earlier, 2

but that is easy to say in hindsight. 3

At the time you don't know whether you are too late
or too early, 4

it is difficult to judge. 5

++++++
Total number of text units retrieved = 6

Retrievals in 2 out of 19 documents, = 11%.

The documents with retrievals have a total of 612 text
units,

so text units retrieved in these documents = 0.98%.

All documents have a total of 5487 text units,

so text units found in these documents = 0.11%.

(1 4) /Stages of C/Stage Up

TEXT IN ALL DOCUMENTS:

+++++

bdfcz

+++++

Retrieval for this document: 1 unit out of 241, = 0.41%

* BEIERSDORF BDF CZECH REP., 7.6.1994, INDUSTRY: PCP

* FORM OF ENTRY: 5

----- TEXT UNITS 10-10:

BDF decided early that the success of the brand would only be ensured in the future with a subsidiary. 10

+++++

CCPL

+++++

Retrieval for this document: 2 units out of 439, = 0.46%

* COCA COLA SYSTEMS POLAND, 10.5.1994, INDUSTRY: SOFT DRINKS

* DATE OF ENTRY: 1

----- TEXT UNITS 11-12:

so they had to join 11
with local breweries and depend on them. 12

+++++

DEHUN

+++++

Retrieval for this document: 1 unit out of 307, = 0.33%

* DOUWE-EGBERTS HUNGARY, 22.6.1994, INDUSTRY: COFFEE

* DATE OF ENTRY: 1

----- TEXT UNITS 11-11:

Before we did enter this deal we made a very thorough study of the market here, the company and what was possible to do. 11

+++++

HENHUN

+++++

Retrieval for this document: 10 units out of 381, = 2.6%

* HENKEL HUNGARY, 22.6.1994, INDUSTRY: DETERGENTS

* FORM OF ENTRY: 4

----- TEXT UNITS 5-14:

Henkel followed a very careful strategy to enter
central Europe. 5
Hungary was selected as the first country to be
entered 6
and the initial start was to export to this market. 7
The second step was a joint venture. 8
The subsequent steps were to increase the share in
this joint venture 9
until we now own 100%. 10
The strategy was a risk avoidance strategy 11
which means risk avoidance primarily in the choice of
countries to operate in 12
and secondly in the choice of capital investment 13
and the legal construction of the companies in these
markets. 14

++++
JJPL
++++
Retrieval for this document: 6 units out of 223, = 2.7%

* JOHNSON&JOHNSON POLAND, 8.6.1994, INDUSTRY: PCP

* FORM OF ENTRY: 4

----- TEXT UNITS 9-10:

Poland was one of these markets in which we had the
base of the professional division 9
and it was very easy to put the consumer division on
top of that operation. 10

*LOCAL MANUFACTURING 70

----- TEXT UNITS 71-74:

You can't produce to your world wide standards and be
cost effective in a market for only 40 million people
of which a majority can't afford your products. 71
This however results in a huge barrier 72
which is importing and customs regulations and taxes,
duties etc. 73
74

++++
KJSCZ
++++
Retrieval for this document: 8 units out of 203, = 3.9%

* KRAFT JACOBS SUCHARD CZECH REP., 8.6.1994,
INDUSTRY: CONFECTIONERY

* FORM OF ENTRY: 4

----- TEXT UNITS 8-9:

because we took over the biggest chocolate
manufacturer in this market. 8
We also bought some factories in the Czech Republic
last year and at the beginning of 1994. 9

* RANGE 102

----- TEXT UNITS 105-106:

With our local brands we also cut back the number of
lines we sell 105
because some factories would produce hundreds of very
little unimportant brands. 106

* LOCAL MANUFACTURING 123

----- TEXT UNITS 124-127:

We produce our local brands locally 124
and we press Milka here. 125
This means we import raw liquid chocolate 126
and press it into bars. 127

+++++
KJSHUN
+++++
Retrieval for this document: 7 units out of 164, = 4.3%

* KRAFT JACOBS SUCHARD HUNGARY, 17.6.1994, INDUSTRY:
/COFFEE CONFECTIONERY

* FORM OF ENTRY: 4

----- TEXT UNITS 5-9:

We started the coffee business with a licensed
production in 1992 and took that over in 12.1993 from
Nestle our licensee. 5
We invested 10 billion Deutschmarks into the coffee
side of our business since. 6
We introduced our coffee brand Jacobs formally in
1992 7
after we had exported to Hungary since 1991. 8
The commitment from Phillip Morris to Eastern Europe
came relatively late because initially it was thought
that everything could be taken care of from Vienna. 9

*LOCAL MANUFACTURING 105

----- TEXT UNITS 106-107:

We do have a roasting operation now in Budapest 106
and we roast most of our coffee here in this country
now. 107

+++++

NESCZ

+++++

Retrieval for this document: 12 units out of 371, = 3.2%

* NESTLE CZECH REP., 6.6.1994, INDUSTRY: CONFECTIONERY

* FORM OF ENTRY: 7

----- TEXT UNITS 10-11:

Before Czechoslovakia split Nestle bought a factory
in what is now Slovakia 10
and established a head office here in Prague. 11

*LOCAL MANUFACTURING 235

----- TEXT UNITS 236-240:

If you are serious about going into a market like
this you need to manufacture locally. 236
You can't rely on quotas to import or pay high import
duties 237
if you want to make a profit 238
and if you want to be in the market long term. 239
If you are not willing to make such a commitment you
better stay out in the first place. 240

* TAKE OVERS OF LOCAL BRANDS 242

----- TEXT UNITS 243-247:

We have taken over local brands 243
in all areas apart from instant coffee 244
which did not exist in former times in this market. 245
We upgraded and re-launched the local brands 246
but left them at a low price level. 247

+++++

NESHUN

+++++

Retrieval for this document: 12 units out of 221, = 5.4%

* NESTLE HUNGARY, 23.6.1994, INDUSTRY:
COFFEE/CONFECTIONERY

* DATE OF ENTRY: 1

----- TEXT UNITS 10-12:

When in 1989/90 the market opened up we realised we would face the privatisation of our licensing partners. 10
 We then started negotiations with the partners and the privatisation agency 11
 whether we could acquire any of our partner companies. 12

----- TEXT UNITS 15-16:

we then had to negotiate with them to take over our licensing agreement. 15
 We purchased the company which was our chocolate manufacturer. 16

----- TEXT UNITS 18-22:

and we purchased from Stollwerck the Nesquik factory 18
 which also produces roast and ground coffee. 19
 The factory which is the Maggi licensee now belongs to the state bank 20
 and we changed the agreement into a production and packing agreement 21
 as we took over sales and distribution for the Maggis brand. 22

 * TAKE OVERS OF LOCAL BRANDS 134

----- TEXT UNITS 135-136:

We took over the 'Zamat' coffee brand 135
 and a local chocolate brand. 136

+++++
 PEPPL
 +++++
 Retrieval for this document: 15 units out of 323, = 4.6%

 * PEPSI POLAND, 11.5.1994, INDUSTRY: SOFT DRINKS

 * FORM OF ENTRY: 36

----- TEXT UNITS 45-59:

The great changes came when foreign direct investment was allowed 45
 and for Pepsi that was the start of a great investment. 46
 Pepsi kept the licenses with the breweries 47
 and many of the breweries became western joint ventures 48
 and now they operate with western managers according to western management standards. 49
 The negative side of things is that breweries are primarily selling beer and not soft drinks. 50
 Beer is their main objective 51
 and they are often using Pepsi only as a entry to gain restaurant contracts like: 52
 You get Pepsi almost free if you buy our beer. 53

With the new central office in Warsaw PepsiCo. also
 changed the rules of the business 54
 in the way that the syrup is now sold to the
 breweries only through the Warsaw office 55
 as are bottles and cans. 56
 PepsiCo. makes a handsome profit on these sales 57
 and at the same time makes it difficult for the
 bottling partners. 58
 The structure of Pepsi in Poland has become very very
 complicated. 59

+++++

PGCZ

++++

Retrieval for this document: 1 unit out of 264, = 0.38%

 * PROCTER&GAMBLE CZECH REP., 8.6.1994, INDUSTRY:
 DETERGENTS

 * DATE OF ENTRY: 1

----- TEXT UNITS 3-3:

and the first task was buying a plant in the country
 to produce detergents, dish washing liquids and
 fabric softeners. 3

+++++

PGHUN

++++

Retrieval for this document: 16 units out of 258, = 6.2%

 * PROCTER&GAMBLE HUNGARY, 16.6.1994, INDUSTRY:
 DETERGENTS

 * FORM OF ENTRY: 6

----- TEXT UNITS 7-10:

Before we opened the office there were some exports
 to Hungary 7
 but that was not significant. 8
 The exports were co-ordinated from a general export
 division 9
 which deals with all the countries in the world which
 have no P&G representation. 10

 *LOCAL MANUFACTURING 162

----- TEXT UNITS 163-168:

We don't have any detergent manufacturing here in
 Hungary. 163
 We have a regional sourcing strategy, 164
 which means that we produce detergents for the region
 in the Czech Republic 165

and we supply the region with paper products from
 Hungary. 166
 Currently we are not restricted by any quota system
 or restrictive customs policies 167
 so we can import whatever we want. 168

 * TAKE OVERS OF LOCAL BRANDS 170

----- TEXT UNITS 171-176:

We don't have any local detergent brands 171
 but we import a Czech brand TIX 172
 which is positioned in a medium price segment. 173
 At the beginning we were quite concerned whether a
 Czech brand would take off in Hungary 174
 particularly because of the Czech language on the
 packaging 175
 but I think that people are quite easy going about it. 176

+++++

STOLHUN

+++++

Retrieval for this document: 19 units out of 266, = 7.1%

 * STOLLWERCK HUNGARY, 20.6.1994, INDUSTRY:
 CONFECTIONERY

 * FORM OF ENTRY: 4

----- TEXT UNITS 5-7:

We took over an ex-state run company called Kwity 5
 which had 4 factories of which 2 were sold on further
 1 to Nestle and 1 to Suchard, 1 was closed 6
 and the fourth we kept and currently modernise. 7

 * KEY SUCCESS FACTORS 9

----- TEXT UNITS 14-20:

The other reason is that we have changed our view
 towards the Hungarian market drastically last year
 and have made equally drastic changes. 14
 We have started to concentrate, cleaning the range
 from over 1100 products down to under 90 products now. 15
 We have stopped whole product segments 16
 which lead to a much more efficient production. 17
 We have cut costs drastically 18
 which gave us advantages which we can use actively in
 the market to our benefit. 19
 The secret for us is that we cover the whole price
 range as well as the whole taste range. 20

 *LOCAL MANUFACTURING 137

----- TEXT UNITS 138-144:

DAMAGED

TEXT

IN

ORIGINAL

and we supply the region with paper products from
Hungary. 166
Currently we are not restricted by any quota system
or restrictive customs policies 167
so we can import whatever we want. 168

* TAKE OVER OF LOCAL BRANDS 170

----- TEXT UNITS 171-176:

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but we import a Czech brand TIX 172
which is positioned in a medium price segment. 173
At the beginning we were quite concerned whether a
Czech brand would take off in Hungary 174
particularly because of the Czech language on the
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but I think that people are quite easy going about it. 176

+++++

STOLHUN

+++++

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the market to our benefit. 19
The secret for us is that we cover the whole price
range as well as the whole taste range. 20

*LOCAL MANUFACTURING 137

----- TEXT UNITS 138-144:

We have built up production capacity within three
quarters of a year of 10.000 tons pa., 138
which is a distinctive advantage for us. 139
The competence in price is decided in the production 140
and the cost effectiveness with which you can produce. 141
We produce all our products locally. 142
For Alpia a lot of the raw materials we import from
Germany 143
because we can't buy such a high quality here in the
country. 144

----- TEXT UNITS 149-150:

We have made great progress on that procurement front 149
and we are quite proud on that. 150

+++++

UNLCZ

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Retrieval for this document: 15 units out of 285, = 5.3%

* UNILEVER CZECH REP., 7.6.1994, INDUSTRY: DETERGENTS

* FORM OF ENTRY: 14

----- TEXT UNITS 15-20:

We started up a new business parallel to what was
Unilever export 15
which still exists on a very small basis. 16
We recently bought a factory which produces
margarines, fats and soaps. 17
From this factory we supply our premium brands 18
plus some re-launched Czech margarines 19
which we bought with the factory. 20

* MAJOR COMPETITORS 61

----- TEXT UNITS 74-75:

In detergents there are no local independent brands
left 74
they were all taken over by Henkel and Procter. 75

*LOCAL MANUFACTURING 167

----- TEXT UNITS 168-169:

We only produce some soaps and creams 168
as well as margarines here. 169

* FINALLY 268

----- TEXT UNITS 281-285:

Unilever is also a special case. 281
 The Czech market is a 'Peripheral Market' in the
 internal hierarchy 282
 and the headquarters in Holland are not willing to
 really commit money to this market 283
 which means we can not really do too much about our
 situation. 284
 If you compare advertising spendings between P&G and
 Unilever on detergents you know why we are happy with
 3% market share. 285

+++++

UNLHUN

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Retrieval for this document: 8 units out of 175, = 4.6%

 * UNILEVER HUNGARY, 9.7.1994, INDUSTRY: EDIBLE FATS

 * FORM OF ENTRY: 14

----- TEXT UNITS 16-17:

We took over the fat producing factories at the end
 of 1992. 16
 Since October 1992 we are as a locally producing
 company in this market. 17

 * PROBLEMS FOR THE BRAND AT ENTRY 39

----- TEXT UNITS 42-42:

The new Rama now which is better in quality,
 packaging, advertising but also higher in price is a
 much better product for the consumer here in Hungary. 42

 * PRODUCT 59

----- TEXT UNITS 65-65:

In fact this all means for the consumer that the
 quality has improved considerably. 65

 * IMPORTANCE OF BEING FIRST 81

----- TEXT UNITS 85-86:

A good example is detergents here in Hungary. Henkel
 and Unilever are producing locally P&G does not, they
 import. They had a good success when they started 2
 years ago, they invested heavily in advertising and
 promotion and fared quite well. Now they are
 deteriorating quickly because they lack local
 production facilities with which they could respond
 quickly to the changing market. They currently hold
 about 10% of the detergents market. 85
 Unilever is the market leader in detergents because

we invest more and quicker in this market than Henkel. 86

* BENEFITS OF LOCAL MANUFACTURING 104

----- TEXT UNITS 106-107:

Secondly you have higher costs which means it makes
it only viable for premium products which have only a
very small share of the market. 106

It is not necessarily a disadvantage to import as our
PCP ranges demonstrate. they are all imported and
often leader in their categories. 107

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UNLPL

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Retrieval for this document: 2 units out of 268, = 0.75%

* UNILEVER POLAND, 13.5.1994, INDUSTRY: TOOTHPASTE

* DATE OF ENTRY: 1

----- TEXT UNITS 4-5:

Unilever entered the market in Poland formally 4
with a subsidiary in late 1992. 5

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Total number of text units retrieved = 135
Retrievals in 16 out of 19 documents, = 84%.
The documents with retrievals have a total of 4389 text
units,
so text units retrieved in these documents = 3.1%.
All documents have a total of 5487 text units,
so text units found in these documents = 2.5%.

TEXT IN ALL DOCUMENTS:

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CCPL

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Retrieval for this document: 10 units out of 439, = 2.3%

* COCA COLA SYSTEMS POLAND, 10.5.1994, INDUSTRY: SOFT DRINKS

* MAJOR COMPETITORS: 66

----- TEXT UNITS 68-70:

They had an advantage because they had the larger territories 68
and they started some time earlier to manage it with western know how. 69
They also had modern bottling plants up and running before we had. 70

* ORDER OF ENTRY: 78

----- TEXT UNITS 81-83:

Recently both companies went into the other's territory 81
and maybe you can say that Pepsi was quicker with that 82
and they got ahead for some time. 83

* DECISION TO ENTER INFLUENCED BY COMPETITION? 238

----- TEXT UNITS 239-240:

Yes and no, obviously the Coca Cola HQ saw that Pepsi was moving on here in Poland 239
but it took them some time to make the decision to go after Pepsi. 240

* IMPORTANCE OF BEING FIRST 257

----- TEXT UNITS 258-259:

I think that in our business the first is bound to be market leader 258
unless, as it happened here, in Poland the first in this case Pepsi does not move fast enough. 259

+++++

DEHUN

++++

Retrieval for this document: 3 units out of 307, = 0.98%

* DOUWE-EGBERTS HUNGARY, 22.6.1994, INDUSTRY: COFFEE

* DATE OF ENTRY: 1

----- TEXT UNITS 5-7:

It was quite remarkable because at the time the trade
press had already announced that Tchibo our German
competitor had already bought Compack 5
and only because one of our board members went to
Budapest immediately and agreed on a minority stake 6
they turned this deal in our favour in less than a
week. 7

+++++
HENHUN
+++++
Retrieval for this document: 2 units out of 381, = 0.52%

* HENKEL HUNGARY, 22.6.1994, INDUSTRY: DETERGENTS

* DECISION TO PIONEER 21

----- TEXT UNITS 24-25:

The cascade approach did not harm us in a way that we
were not early in other markets 24
because the markets in central Europe ripened at
different speed. 25

+++++
Total number of text units retrieved = 15
Retrieval in 3 out of 19 documents, = 16%.
The documents with retrievals have a total of 1127 text
units,
so text units retrieved in these documents = 1.3%.
All documents have a total of 5487 text units,
so text units found in these documents = 0.27%.

TEXT IN ALL DOCUMENTS:

+++++

COLPL

+++++

Retrieval for this document: 10 units out of 453, = 2.2%

* COLGATE PALMOLIVE POLAND, 9.5.1994, INDUSTRY:
TOOTHPASTE

* PROBLEMS FOR THE BRAND AT ENTRY 63

----- TEXT UNITS 64-73:

When we exported to Poland we had completely
different objectives. 64

You primarily just focus on your number of sales 65
and you do not look at the quality of your
distribution 66

but the quantity of distribution. 67

When we started the subsidiary here we first looked
at channelling the product selling, 68

so we did not want the slow movers from the west 69
or what everybody requested 70

but to focus on the major equities. 71

Between 1989 and 1992 it was the wholesaler's
objective to have a western product on their shelves
whatever brand it was. 72

Our objective was to build the brand. 73

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NESHUN

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Retrieval for this document: 5 units out of 221, = 2.3%

* NESTLE HUNGARY, 23.6.1994, INDUSTRY:
COFFEE/CONFECTIONERY

*LOCAL MANUFACTURING 127

----- TEXT UNITS 128-132:

We have in most areas we deal in local manufacturing
capacity. 128

If one wants to be successful in this market you need
local capacities 129

otherwise you rely on very changeable quotas 130
and tax and customs systems, 131

which are not a basis to build brands on. 132

+++++

STOLHUN

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Retrieval for this document: 11 units out of 266, = 4.1%

* STOLLWERCK HUNGARY, 20.6.1994, INDUSTRY:
CONFECTIONERY

* DIFFICULTY OF THE MARKET 98

----- TEXT UNITS 103-104:

we totally underestimated the investment necessary to
get a decent production going. 103
104

*LOCAL MANUFACTURING 137

----- TEXT UNITS 151-153:

We have invested quite a lot of money in recent
months into new production facilities 151
because we foresee that labour will be as expensive
here as it is today in the west 152
and we want to rely on labour costs as little as
possible here as in the west. 153

* DISADVANTAGE OF BEING LATE 174

----- TEXT UNITS 184-189:

I have to admit that after taking over we spent about
6 - 9 month sleeping not realising what was going on
here in Hungary 184
which cost us a couple of million Deutschmarks,
unfortunately. 185
We were too slow to adapt 186
as were the others 187
but we could have made up for lost ground 188
if we would have not made the same mistakes they made
before us. 189

++++
Total number of text units retrieved = 26
Retrievals in 3 out of 19 documents, = 16%.
The documents with retrievals have a total of 940 text
units,
so text units retrieved in these documents = 2.8%.
All documents have a total of 5487 text units,
so text units found in these documents = 0.47%.

(2) /Market Experience

TEXT IN ALL DOCUMENTS:
(This node indexes no documents.)

(2 1) /Market Experience/Recent Trad.

TEXT IN ALL DOCUMENTS:

+++++

PGCZ

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Retrieval for this document: 1 unit out of 264, = 0.38%

* PROCTER&GAMBLE CZECH REP., 8.6.1994, INDUSTRY:
DETERGENTS

* BENEFITS OF LONG TRADITION IN THE MARKET 199

----- TEXT UNITS 200-200:

P&G products were unavailable in Czech before we
entered in 1991. 200

+++++

PGHUN

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Retrieval for this document: 16 units out of 258, = 6.2%

* PROCTER&GAMBLE HUNGARY, 16.6.1994, INDUSTRY:
DETERGENTS

* DATE OF ENTRY: 1

----- TEXT UNITS 3-4:

There was some work done before that 3
but it was when the office was opened that the
company started in this market. 4

* FORM OF ENTRY: 6

----- TEXT UNITS 11-14:

We started at the time with 4 people and since then
we now have 70 people working here in Budapest. 11
We now have a vice president for Eastern Europe who
is located in Germany 12
and he has a small unit which is still involved in
most central and eastern European markets to a degree, 13
but we are making most decisions here locally. 14

* BENEFITS OF LONG TRADITION IN THE MARKET 178

----- TEXT UNITS 179-188:

As far as I know Ariel was not sold in hard currency
stores. 179
Some Ariel was around 180
but it must have been private imports on a very small

basis. 181
 I don't think that you could talk of a presence in
 the market. 182
 I don't think there was any kind of advantage in that. 183
 The name was known from advertising in Austria and
 Germany through media spill overs. 184
 The media spill overs were quite important in the
 beginning. 185
 However, the importance and the influence of the
 spill over effect are not visible in any market
 research 186
 because there is very little research from that time, 187
 it is mainly common sense. 188

+++++

Total number of text units retrieved = 17
 Retrievals in 2 out of 19 documents, = 11%.
 The documents with retrievals have a total of 522 text
 units,
 so text units retrieved in these documents = 3.3%.
 All documents have a total of 5487 text units,
 so text units found in these documents = 0.31%.

(2 2) /Market Experience/Long Trad.

TEXT IN ALL DOCUMENTS:

+++++
bdfcz
+++++
Retrieval for this document: 2 units out of 241, = 0.83%

* BEIERSDORF BDF CZECH REP., 7.6.1994, INDUSTRY: PCP

* FORM OF ENTRY: 5

----- TEXT UNITS 6-7:

Nivea cream was always available in hard currency
shops 6
and since the early 70s also as a licensed product in
normal shops. 7

+++++
CCPL
+++++
Retrieval for this document: 2 units out of 439, = 0.46%

* COCA COLA SYSTEMS POLAND, 10.5.1994, INDUSTRY: SOFT
DRINKS

* DATE OF ENTRY: 1

----- TEXT UNITS 2-2:

Coke became available in Poland in the early 1930s. 2

----- TEXT UNITS 13-13:

So Coca Cola had a presence in the market for a long
time 13

+++++
COLPL
+++++
Retrieval for this document: 6 units out of 453, = 1.3%

* COLGATE PALMOLIVE POLAND, 9.5.1994, INDUSTRY:
TOOTHPASTE

* DATE OF ENTRY: 1

----- TEXT UNITS 5-5:

But before 1992 we were already very active in the
Polish market. 5

----- TEXT UNITS 7-10:

During the communist regime we also had exports to
the Polish market 7
to state owned chain shops. 8
Before the second world war there were also exports 9
going back as far as the 1930s. 10

----- TEXT UNITS 14-14:

Before 1992 no advertising was used to promote the
brand. 14

+++++

JJCZ

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Retrieval for this document: 4 units out of 317, = 1.3%

* JOHNSON&JOHNSON CZECH REP., 8.6.1994, INDUSTRY: PCP

* FORM OF ENTRY: 8

----- TEXT UNITS 14-16:

We sold some articles, although only a few through
hard currency stores 14
but mainly the baby products. 15
16

* BENEFITS OF LONG TRADITION IN THE MARKET 240

----- TEXT UNITS 241-241:

In baby cosmetics we were present in the Tusek hard
currency stores, 241

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JJPL

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Retrieval for this document: 3 units out of 223, = 1.3%

* JOHNSON&JOHNSON POLAND, 8.6.1994, INDUSTRY: PCP

* FORM OF ENTRY: 4

----- TEXT UNITS 5-5:

Initially some of our products were available through
Pewex stores. 5

----- TEXT UNITS 7-7:

We have started to sell professional products in
Poland for 10 or maybe even 20 years. 7

* BENEFITS OF LONG TRADITION IN THE MARKET 131

----- TEXT UNITS 132-132:

We were present for 15 or 20 years in the hard
currency stores 132

+++++

NESCZ

+++++

Retrieval for this document: 2 units out of 371, = 0.54%

* NESTLE CZECH REP., 6.6.1994, INDUSTRY: CONFECTIONERY

* FORM OF ENTRY: 7

----- TEXT UNITS 8-9:

Initially some of our products were available in the
hard currency shops. 8
And before 1948 Nestle had factories in this country. 9

+++++

NESHUN

+++++

Retrieval for this document: 9 units out of 221, = 4.1%

* NESTLE HUNGARY, 23.6.1994, INDUSTRY:
COFFEE/CONFECTIONERY

----- TEXT UNITS 1-9:

* DATE OF ENTRY: 1

Market entry in Hungary is a special case 2
because we did a lot with licensing agreements with
state owned companies. 3
Some of these agreements go back as far as 20 years
before the market opened. 4
1974 was the first agreement for the Maggi brand. 5
They were producing and distributing Maggi soups and
cubes. 6
A bit later in 1978 we started with Compack the most
important roaster Nescafe on a licensing basis. 7
Nesquik we started with BEW the most important
confectioner in Budapest in 1985. 8
The chocolate business we started in 1988. 9

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PEPPL

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Retrieval for this document: 27 units out of 323, = 8.4%

* PEPSI POLAND, 11.5.1994, INDUSTRY: SOFT DRINKS

----- TEXT UNITS 1-11:

* DATE OF ENTRY: 1

Pepsi Cola entered Poland in December 1970. 2
 It has been here for 24 years now. 3
 Poland always was the most affluent central European
 market 4
 apart from Eastern Germany it therefore was an
 attractive market. 5
 It also was the most liberal market 6
 it was therefore a market which attracted a greater
 number of western companies than other countries. 7
 Pepsi in the 1970s was the first western branded
 product which reached the Polish market. 8
 There was no competition between the regions 9
 and in the designated areas the licensee had a
 monopoly 10
 until 1991 this was the position. 11

 * FORM OF ENTRY: 36

----- TEXT UNITS 37-44:

Pepsi is a company which has a variety of interests. 37
 When it comes into a market it likes to own and
 control as much as possible. 38
 When they first entered laws were in place which
 forbid foreign investments 39
 therefore a concept was worked out under which Pepsi
 would supply the syrup 40
 which is only a very minor part of the production
 process 41
 and it would also supply a very limited marketing
 support. 42
 However this little marketing was quite spectacular
 in Poland 43
 because there was no other marketing at the time. 44

 * MAJOR COMPETITORS: 61

----- TEXT UNITS 64-71:

Poland was divided into regions 64
 and Coca Cola was not given as many regions as Pepsi. 65
 The licenses were given to local breweries 66
 and a lot depended on the activities of the breweries
 to develop the products. 67
 It happened that the big and important breweries were
 given Pepsi rather than Coca Cola licenses. 68
 Coca Cola was much more seen as an American showcase 69
 so less support was given to it 70
 and only smaller less important partners attached to
 it. 71

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 UNLCZ

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 Retrieval for this document: 11 units out of 285, = 3.9%

* UNILEVER CZECH REP., 7.6.1994, INDUSTRY: DETERGENTS

* DATE OF ENTRY: 1

----- TEXT UNITS 2-12:

Until 1992 Unilever exported to Czechoslovakia 2
through Unilever Export which is a company located
here in Prague. 3
Unilever export dealt with normal shops 4
not only hard currency shops 5
but Omo was only sold in hard currency shops 6
and probably better known than Ariel. 7
In early 1992 we started with four product groups: 8
Ice-cream, Margarines, Detergents and PCP. 9
All groups work separately 10
although they are in the same building. 11
The detergent business we started in week 13 1992. 12

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UNLHUN
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Retrieval for this document: 11 units out of 175, = 6.3%

* UNILEVER HUNGARY, 9.7.1994, INDUSTRY: EDIBLE FATS

* DATE OF ENTRY: 1

----- TEXT UNITS 2-12:

We started here before the second world war if you
want to take it back that far. 2
Unilever is a company which was founded in the last
century and which became a major player in fats and
detergents around the turn of the century. 3
Unilever has very early on expanded and it had
factories in Central and Eastern Europe like here in
Budapest. 4
During the second world war Unilever lost a lot of
their property 5
and only now they have started to buy their old
property back in Central and Eastern Europe. 6
All the factories we bought here in Budapest are
former Unilever factories. 7
The brands we have in this market date back to the
70s. 8
Rama was introduced in 1972 as a licensed product. 9
Since then Rama has been produced in Hungary and has
relatively quickly gained market leader position. 10
Although Rama is de facto an international brand it
is seen as a local brand by Hungarians. 11
In other areas particularly non food we have started
in the late 80s on an export basis. 12

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UNLPL
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Retrieval for this document: 3 units out of 268, = 1.1%

* UNILEVER POLAND, 13.5.1994, INDUSTRY: TOOTHPASTE

* DATE OF ENTRY: 1

----- TEXT UNITS 2-4:

We had export agreements with Poland for a long time 2
during which we sold deodorant, detergents and
toothpaste through hard currency shops. 3
Unilever entered the market in Poland formally 4

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Total number of text units retrieved = 80
Retrievals in 11 out of 19 documents, = 58%.
The documents with retrievals have a total of 3316 text
units,
so text units retrieved in these documents = 2.4%.
All documents have a total of 5487 text units,
so text units found in these documents = 1.5%.

(22 1) /Market Experience/Long Trad./timely
prop.

TEXT IN ALL DOCUMENTS:

+++++

bdfcz

+++++

Retrieval for this document: 3 units out of 241, = 1.2%

* BEIERSDORF BDF CZECH REP., 7.6.1994, INDUSTRY: PCP

* FORM OF ENTRY: 5

----- TEXT UNITS 9-9:

However, it was only the cream which was available
and known to the people. 9

* ORDER OF ENTRY: 12

----- TEXT UNITS 14-14:

Before the revolution we were virtually the only
available western brand in cosmetics 14

* DISADVANTAGES OF BEING FIRST 184

----- TEXT UNITS 189-189:

The other big disadvantage, maybe the biggest of them
all, was that Nivea's image was that of a cheap brand. 189

+++++

CCPL

++++

Retrieval for this document: 12 units out of 439, = 2.7%

* COCA COLA SYSTEMS POLAND, 10.5.1994, INDUSTRY: SOFT
DRINKS

* DATE OF ENTRY: 1

----- TEXT UNITS 3-6:

In 1963 the country was split in two areas in which
Pepsi and Coke were allowed to be produced under
license. 3

Warsaw and the area around Warsaw and some of the
South was Coca Cola territory 4

and The North and West was Pepsi territory. 5

There was no competition as the areas were clearly
defined. 6

----- TEXT UNITS 9-10:

Coca Cola would have invested much earlier into the market 9
but they were not allowed 10

----- TEXT UNITS 14-17:

but until recently it was not handled the way we would have liked it, 14
we had no influence on the bottling, 15
we did not own the trucks 16
and we had no say in distribution. 17

* MAIN MARKETING TOOLS 100

----- TEXT UNITS 101-102:

We didn't do any advertising until 1989 101
when we started to manage the operations here in Poland. 102

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COLPL
+++++
Retrieval for this document: 6 units out of 453, = 1.3%

* COLGATE PALMOLIVE POLAND, 9.5.1994, INDUSTRY: TOOTHPASTE

* DATE OF ENTRY: 1

----- TEXT UNITS 9-13:

Before the second world war there were also exports 9
going back as far as the 1930s. 10
The brand was not important prior to 1992. 11
The brand in itself meant to the people a western product 12
which was regarded as better quality than local products. 13

----- TEXT UNITS 15-15:

The names of Palmolive Ajax and Colgate were very well known before the wall came down 15

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HENHUN
+++++
Retrieval for this document: 5 units out of 381, = 1.3%

* HENKEL HUNGARY, 22.6.1994, INDUSTRY: DETERGENTS

* FORM OF ENTRY: 4

----- TEXT UNITS 15-19:

The strategy in terms of brands was similar, 15
 we started with working on local brands 16
 before we introduced our international brands. 17
 This was also risk avoidance in terms of allowing for
 mistakes to be made with local brands 18
 which would be disastrous with our international
 brands. 19

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JJPL

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Retrieval for this document: 8 units out of 223, = 3.6%

 * JOHNSON&JOHNSON POLAND, 8.6.1994, INDUSTRY: PCP

 * FORM OF ENTRY: 4

----- TEXT UNITS 6-6:

This was dealt with through our export department. 6

----- TEXT UNITS 8-9:

Traditionally J&J markets professional medical
 products and consumer products. 8
 Poland was one of these markets in which we had the
 base of the professional division 9

----- TEXT UNITS 11-13:

One of the Johnson&Johnson founders was married in
 his late age to a Polish lady and when he died she
 became extremely wealthy 11
 and she got a lot of publicity in Poland from that 12
 which also made the brand name very popular. 13

 * BENEFITS OF LONG TRADITION IN THE MARKET 131

----- TEXT UNITS 133-134:

and families would see the product but were unable to
 afford it. 133
 So we benefited from a continuous presence but
 constant unavailability. 134

+++++

PEPPL

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Retrieval for this document: 2 units out of 323, = 0.62%

 * PEPSI POLAND, 11.5.1994, INDUSTRY: SOFT DRINKS

 * IMPORTANCE OF BEING FIRST 190

----- TEXT UNITS 191-192:

When Pepsi came in 1970 there was a huge political
risk 191
but because the involvement was limited to deliver
the syrup and some know how it was not too bad. 192

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UNLHUN

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Retrieval for this document: 1 unit out of 175, = 0.57%

* UNILEVER HUNGARY, 9.7.1994, INDUSTRY: EDIBLE FATS

* DATE OF ENTRY: 1

----- TEXT UNITS 10-10:

Since then Rama has been produced in Hungary and has
relatively quickly gained market leader position. 10

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Total number of text units retrieved = 37

Retrievals in 7 out of 19 documents, = 37%.

The documents with retrievals have a total of 2235 text
units,

so text units retrieved in these documents = 1.7%.

All documents have a total of 5487 text units,

so text units found in these documents = 0.67%.

TEXT IN ALL DOCUMENTS:

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bdfcz

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Retrieval for this document: 25 units out of 241, = 10%

* BEIERSDORF BDF CZECH REP., 7.6.1994, INDUSTRY: PCP

* FORM OF ENTRY: 5

----- TEXT UNITS 8-8:

There is no western brand in our category which has a stronger brand name than Nivea. 8

* PROBLEMS FOR THE BRAND AT ENTRY 89

----- TEXT UNITS 90-95:

Our main problem was that when we introduced the Nivea range we suffered from the image Nivea had before. 90
This image was a cheap but okay multi purpose cream. 91
This image did not correspond to where Nivea stands in the rest of the world 92
and we had to change that image quickly. 93
A further problem was that we needed to put up the price at the same time 94
which wasn't made easier by the 'cheap' image. 95

*LOCAL MANUFACTURING 142

----- TEXT UNITS 143-147:

Our previous licensee is now still manufacturing Nivea cream for us here in Czech, 143
but he now is only a supplier 144
and he had to adapt to a new formula and the production process 145
as well as giving up all rights of our brand. 146
147

* BENEFITS OF LONG TRADITION IN THE MARKET 174

----- TEXT UNITS 175-182:

With Nivea we had a big advantage 175
because virtually everybody in the Czech Republic knew our brand. 176
Nivea was available as the only western brand across the country in all regions. 177
It was immensely popular 178
because it was very cheap and people used it for

about everything 179
 from the original purpose as a face cream to doors or
 on cars. 180
 When we took over the brand and started to introduce
 the whole range we were able to build on this brand
 knowledge. 181
 Since then Nivea continuous to be a preferred brand
 by many consumer as our research shows. 182

 * DISADVANTAGES OF BEING FIRST 184

----- TEXT UNITS 189-193:

The other big disadvantage, maybe the biggest of them
 all, was that Nivea's image was that of a cheap brand. 189
 This obviously was something we had to counter 190
 because we stand for quality and that doesn't go well
 with a 'cheap' image. 191
 This all applies mainly to the Nivea cream 192
 as all other products were brought new into the
 market. 193

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 CCPL
 ++++
 Retrieval for this document: 21 units out of 439, = 4.8%

 * COCA COLA SYSTEMS POLAND, 10.5.1994, INDUSTRY: SOFT
 DRINKS

 * FORM OF ENTRY: 24

----- TEXT UNITS 35-36:

All remaining contracts with Polish bottlers have
 been cancelled 35
 and run out in a few months. 36

 * MAJOR COMPETITORS: 66

----- TEXT UNITS 67-70:

Pepsi has been in the market for the same length of
 time as we have. 67
 They had an advantage because they had the larger
 territories 68
 and they started some time earlier to manage it with
 western know how. 69
 They also had modern bottling plants up and running
 before we had. 70

 * PROBLEMS FOR THE BRAND AT ENTRY 85

----- TEXT UNITS 86-88:

There was not a real problem 86

if we are talking about branding, 87
 a slight problem was that in the Pepsi regions some
 consumers saw and still see Pepsi as a generic term
 for cola drinks. 88

 * WHAT ARE THE ADVANTAGES OF BEING LATE? 284

----- TEXT UNITS 285-291:

When we came to areas where Pepsi was the only cola
 drink for the last years people welcomed the change 285
 because they were tired of the things of their past,
 of no choice 286
 and that included Pepsi in this case. 287
 Pepsi had in some cases a negative image 288
 which was closely related to the communist past. 289
 They were quick in changing that with their initial
 investment 290
 but for some people it remained. 291

 * BENEFITS OF LONG TRADITION IN THE MARKET 303

----- TEXT UNITS 304-308:

In 1989 we had a brand recall of roughly 25% 304
 and today it is about 78% on a nation-wide basis. 305
 I don't think we had such a benefit 306
 because we were restricted to our area 307
 and in the Pepsi areas only very few people knew what
 Coca Cola was. 308

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COLPL

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Retrieval for this document: 12 units out of 453, = 2.6%

 * COLGATE PALMOLIVE POLAND, 9.5.1994, INDUSTRY:
 TOOTHPASTE

 * DATE OF ENTRY: 1

----- TEXT UNITS 15-17:

The names of Palmolive Ajax and Colgate were very
 well known before the wall came down 15
 and in 1992 it was very difficult to improve the
 awareness 16
 because it already was so high. 17

 * ORDER OF ENTRY: 55

----- TEXT UNITS 56-57:

We were on the market already for a long long period 56
 and I think that we are the best known brand for the
 longest period. 57

* BENEFITS OF LONG TRADITION IN THE MARKET 280

----- TEXT UNITS 281-287:

For us it only played the role that people knew the
brand name 281
and what quality it stands for. 282
There also is a risk which we see at Palmolive. 283
People see it as a brand of their mother 284
but not for themselves. 285
You have to be careful that you don't fall out of the
product life cycle. 286
It helps that we have been here longer than Procter
and Lever 287

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HENHUN
+++++
Retrieval for this document: 5 units out of 381, = 1.3%

* HENKEL HUNGARY, 22.6.1994, INDUSTRY: DETERGENTS

* BENEFITS OF LONG TRADITION IN THE MARKET 215

----- TEXT UNITS 216-220:

Persil had a good brand awareness 216
even before we started in this market. 217
It was still known from before the war 218
and from hard currency shops. 219
220

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HENPL
+++++
Retrieval for this document: 10 units out of 328, = 3.0%

* HENKEL COSMETICS POLAND, 11.5.1994, INDUSTRY: PCP

* BENEFITS OF LONG TRADITION IN THE MARKET 235

----- TEXT UNITS 236-245:

Our products and in particular FA was well known in
the market 236
because of the fact that Henkel was present in Poland
before the war 237
and during the communist regime in the Pewex hard
currency shops. 238
This was certainly a benefit for us when we came back
into the market. 239
We experienced that in areas bordering to Germany our
products were better known 240
and the brand better established 241
because of media spill over effects. 242

The effects were not too important 243
but could be recognised in research. 244
245

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JJCZ
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Retrieval for this document: 2 units out of 317, = 0.63%

* JOHNSON&JOHNSON CZECH REP., 8.6.1994, INDUSTRY: PCP

* BENEFITS OF LONG TRADITION IN THE MARKET 240

----- TEXT UNITS 242-243:

but that gave us only a sort of ghostly recognition
by consumers. 242
So we had not really a great advantage. 243

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JJPL
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Retrieval for this document: 6 units out of 223, = 2.7%

* JOHNSON&JOHNSON POLAND, 8.6.1994, INDUSTRY: PCP

* FORM OF ENTRY: 4

----- TEXT UNITS 13-13:

which also made the brand name very popular. 13

* PROBLEMS FOR THE BRAND AT ENTRY 29

----- TEXT UNITS 30-32:

We did not encounter any particular problems 30
and because of the presence in the Pewex stores 31
we had a relatively easy start with our brand. 32

* BENEFITS OF LONG TRADITION IN THE MARKET 131

----- TEXT UNITS 134-135:

So we benefited from a continuous presence but
constant unavailability. 134
When the products came on the shelves in
1990/1991 they were recognised and immediately
purchased. 135

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KJSCZ
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Retrieval for this document: 5 units out of 203, = 2.5%

* KRAFT JACOBS SUCHARD CZECH REP., 8.6.1994,
INDUSTRY: CONFECTIONERY

* BENEFITS OF LONG TRADITION IN THE MARKET 138

----- TEXT UNITS 139-143:

We have not benefited too much from selling in hard
currency shops 139
but in areas near Germany Milka was very well known 140
because it is a very strong brand in Germany. 141
The brand awareness in general was relatively low 142
when we started. 143

+++++

NESCZ

+++++

Retrieval for this document: 6 units out of 371, = 1.6%

* NESTLE CZECH REP., 6.6.1994, INDUSTRY: CONFECTIONERY

* BENEFITS OF LONG TRADITION IN THE MARKET 281

----- TEXT UNITS 282-287:

The name Maggi was still known to older people 282
but only attached to the soy-sauce product 283
not to the vast range which is now offered under the
Maggi brand. 284
The presence in the hard currency stores did not give
us any great benefit. 285
For some people Nescafe was a known brand 286
but not many people knew the brand. 287

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PEPPL

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Retrieval for this document: 2 units out of 323, = 0.62%

* PEPSI POLAND, 11.5.1994, INDUSTRY: SOFT DRINKS

* BENEFITS OF LONG TRADITION IN THE MARKET 211

----- TEXT UNITS 212-213:

Many people learned what a cola drink is through
Pepsi 212
and I think eventually they will come back to their
'original' flavour. 213

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STOLHUN

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Retrieval for this document: 5 units out of 266, = 1.9%

* STOLLWERCK HUNGARY, 20.6.1994, INDUSTRY:
CONFECTIONERY

* BENEFITS OF LONG TRADITION IN THE MARKET 162

----- TEXT UNITS 163-167:

We were very lucky because the name Stollwerck was
known in the market 163
from before the war and shortly after the war. 164
Over 80% of the population knew the name Stollwerck. 165
This means we have a brand name which has a much
higher emotional bond to it than any of our
competitors. 166
Stollwerck is something special in that respect. 167

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UNLCZ
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Retrieval for this document: 9 units out of 285, = 3.2%

* UNILEVER CZECH REP., 7.6.1994, INDUSTRY: DETERGENTS

* DATE OF ENTRY: 1

----- TEXT UNITS 6-7:

but Omo was only sold in hard currency shops 6
and probably better known than Ariel. 7

* BENEFITS OF LONG TRADITION IN THE MARKET 203

----- TEXT UNITS 204-210:

We benefited a lot in some categories 204
in which we had not too much competition from other
western competitors 205
like in deodorants or soaps because of the export
tradition. 206
In detergents we had some benefit from this 207
because of the fact that whenever people bought in
hard currency shops it was an event 208
and Omo was quite popular in these stores 209
so we benefited from that limited experience some
people had with Omo. 210

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UNLHUN
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Retrieval for this document: 4 units out of 175, = 2.3%

* UNILEVER HUNGARY, 9.7.1994, INDUSTRY: EDIBLE FATS

* DATE OF ENTRY: 1

----- TEXT UNITS 11-11:

Although Rama is de facto an international brand it is seen as a local brand by Hungarians. 11

* PROBLEMS FOR THE BRAND AT ENTRY 39

----- TEXT UNITS 40-41:

The fact that Rama was available for a long time in a quality which was not the usual Rama quality was not a problem for us as the perception of a standard quality was much lower here than in western markets. Rama was always seen as a good average product by the Hungarian consumer, maybe not for a German tourist but for the locals consumers definitively. 40
Rama set the standard at these times and gained 60% market share. 41

* BENEFITS OF LONG TRADITION IN THE MARKET 101

----- TEXT UNITS 102-102:

Rama has always set the standard in quality which lead to its market leader position and the fact that this brand name became the generic term for margarine in Hungary. All this we see a direct implication from the consistent provision of high quality. 102

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UNLPL
+++++
Retrieval for this document: 5 units out of 268, = 1.9%

* UNILEVER POLAND, 13.5.1994, INDUSTRY: TOOTHPASTE

* PROBLEMS FOR THE BRAND AT ENTRY 45

----- TEXT UNITS 48-49:

The brand was known 48
but only to those who bought in hard currency shops. 49

* BENEFITS OF LONG TRADITION IN THE MARKET 178

----- TEXT UNITS 179-180:

We haven't been in this market for long enough to benefit from it. 179
Being in Pewex was not really being in the market. 180

* BENEFITS OF PREVIOUS EXPORTS TO THE MARKET 182

----- TEXT UNITS 183-183:

No I don't see benefits from that.

183

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Total number of text units retrieved = 117

Retrievals in 14 out of 19 documents, = 74%.

The documents with retrievals have a total of 4273 text units,

so text units retrieved in these documents = 2.7%.

All documents have a total of 5487 text units,

so text units found in these documents = 2.1%.

(3) /Competition

TEXT IN ALL DOCUMENTS:

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COLPL

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Retrieval for this document: 20 units out of 453, = 4.4%

* COLGATE PALMOLIVE POLAND, 9.5.1994, INDUSTRY:
TOOTHPASTE

*CHANGES IN THE MARKET 191

----- TEXT UNITS 192-194:

Competition has not changed 192
apart from the fact that it is getting more and more
aggressive 193
to become the number one in the market. 194

* OBJECTIVES BEFORE COMPETITION 343

----- TEXT UNITS 344-360:

That depends on your entry strategy. 344
There is no a single entry strategy which is the best. 345
We started focusing on manufacturing, 346
while Lever started with distribution 347
and P&G with advertising. 348
After some time we all ended up in the same position
coming from different directions. 349
When for example VAT was introduced we all were hit
very hard. 350
We with local manufacturing had still a contribution 351
because we had a much higher margin. 352
But all the money we put into the factory 353
P&G put into advertising 354
and Lever into a sophisticated distribution system. 355
Every time one makes progress the others try to make
progress in their way 356
which means that with different means everybody tries
hard. 357
Now you see different tactics in building strong and
efficient distribution systems. 358
Everybody has a different approach. 359
360

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JJPL

+++++

Retrieval for this document: 9 units out of 223, = 4.0%

* JOHNSON&JOHNSON POLAND, 8.6.1994, INDUSTRY: PCP

* THE FUTURE OF BRANDS IN POLAND 211

----- TEXT UNITS 212-212:

The market has become more crowded with many more competitors 212

----- TEXT UNITS 215-222:

If anything the competition in Poland will be fiercer than in any west European market. 215
Because most companies will have overestimated their sales either unknowingly or knowingly 216
to achieve better support from their HQs in the early days 217
but this lead to huge investments for which interests and dividends have to be earned. 218
This again means everybody will be fighting for the small market and parts thereof 219
sudenly we are in an excess capacity situation 220
which undoubtedly will lead to a price war 221
which is the worst of all scenarios. 222

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KJSHUN

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Retrieval for this document: 12 units out of 164, = 7.3%

* KRAFT JACOBS SUCHARD HUNGARY, 17.6.1994, INDUSTRY:
/COFFEE CONFECTIONERY

* MAJOR COMPETITORS 22

----- TEXT UNITS 25-36:

In recent months the competition has launched an attack in the low price segment and we have to try to get our share of that market because that is where the volumes are sold in Hungary. 25
The leading aggressor in Hungary is definitively Tchibo. They do a lot in advertising and promotion and work really hard to gain market share. 26
Douwe Egberts is the market leader because they took over the biggest state run roaster Compack in 1990. They have more than 40% of the total market. 27
We have raised our market share to 8.4% from only 3.9% in January so we are doing pretty good. 28
Douwe Egberts with their main brand Omnia have a significant influence on this market in terms of taste and consumer expectation 29
because for a long time under state rule Omnia was the better brand and the leading product with 60% market share. 30
Nestle acquired Zamat in 1991the brand which was the lower quality alternative with 40% market share which has now fallen to about 15%. 31
For us the recent re-launch which is now completed was very important to get a better position in this market. 32
Within this re-launch we changed the blend of our

coffees, the packaging, we introduced new lines,
 changed the price and introduced new POS materials. 33
 Eduscho is the most vulnerable company in the market
 because the majority of their sales are made with the
 cheapest available brand 'Wiener Extra' 34
 which clearly sacrifices profits for market shares. 35
 If they increase the price this brand loses its USP
 and will fall out of the market. 36

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 PEPPL
 ++++++
 Retrieval for this document: 8 units out of 323, = 2.5%

 * PEPSI POLAND, 11.5.1994, INDUSTRY: SOFT DRINKS

 * CHANGES IN RETAIL INFRA STRUCTURE: 84

----- TEXT UNITS 95-98:

Coke went out and put fridges into shops which sell
 less than 4 cases a week 95
 It is a very easy calculation to come to the result
 that these fridges will not be paid by profits from
 that shop within the next 20 or so years. 96
 This is only a tool to keep us out 97
 because if we are not giving them a fridge we won't
 supply this shop any longer. 98

 * HOME MARKET STRENGTH VS. LOCAL MKT. STR. 112

----- TEXT UNITS 113-116:

In the USA the market leadership changes between Coke
 and Pepsi every other year or so 113
 both have around 35% of the cola market. 114
 Here in Poland we have to make up for lost ground 115
 and it certainly will take some years before we are
 back at a level which is equal or near to Coca Cola. 116

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 PGCZ
 ++++++
 Retrieval for this document: 12 units out of 264, = 4.5%

 * PROCTER&GAMBLE CZECH REP., 8.6.1994, INDUSTRY:
 DETERGENTS

 * MAJOR COMPETITORS 35

----- TEXT UNITS 38-44:

Unilever is the least important 38
 because they only serve the premium segment with
 their brand Omo. 39
 They have probably made a strategic choice 40

to invest in other countries or other segments 41
 which is also the reason why they don't put a lot of
 money behind detergents in this market. 42
 Ariel and Persil which are the longer established
 brands have better brand images 43
 and are recalled much better than the brands which
 were introduced later. 44

 * PRODUCT DIFFERENCE BETWEEN WESTERN COMPETITORS 46

----- TEXT UNITS 47-51:

Differences are marginally between us and the western
 companies. 47
 Henkel for example matches us almost exactly in all
 the product positioning 48
 and performance. 49
 They use a different technology for their Persil 50
 compared to our Ariel and each one works better on
 some sort of stain 51

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STOLHUN

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Retrieval for this document: 6 units out of 266, = 2.3%

 * STOLLWERCK HUNGARY, 20.6.1994, INDUSTRY:
 CONFECTIONERY

 * MAJOR COMPETITORS 29

----- TEXT UNITS 35-40:

After we have made the drastic changes last year you
 could find three types of competitor reaction:
 helpless, aggressive or strategic retaliation. 35
 Strategic retaliation means that competitors tried to
 achieve a similar cost base in an expanding area:
 chocolate bars. 36
 Nestle failed to achieve this as did Suchard, 37
 who has no production facilities in Hungary and
 therefore is much too expensive in their production. 38
 In Hungary you have a very wide range of products
 which are available to the consumer and in which we
 compete. 39
 The total market range is much wider than in other
 countries. 40

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UNLHUN

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Retrieval for this document: 2 units out of 175, = 1.1%

 * UNILEVER HUNGARY, 9.7.1994, INDUSTRY: EDIBLE FATS

 * MAJOR COMPETITORS: 27

----- TEXT UNITS 33-34:

But this is a general characteristic of the margarine market, in few countries across the world we have really strong competition. 33

In western markets we have to battle it out with retail brands but not so much with other manufacturer brands. 34

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Total number of text units retrieved = 69
Retrievals in 7 out of 19 documents, = 37%.
The documents with retrievals have a total of 1868 text units,
so text units retrieved in these documents = 3.7%.
All documents have a total of 5487 text units,
so text units found in these documents = 1.3%.

(3 1) /Competition/Western

TEXT IN ALL DOCUMENTS:

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bdfcz

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Retrieval for this document: 3 units out of 241, = 1.2%

* BEIERSDORF BDF CZECH REP., 7.6.1994, INDUSTRY: PCP

* MAJOR COMPETITORS 18

----- TEXT UNITS 19-21:

In cosmetics we are up against Procter&Gamble, 19
Unilever, Henkel, Johnson & Johnson
and in hair care against L'Oreal, Schwarzkopf and
Wella. 20
All western companies in the sectors we compete in
who matter are here. 21

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CCPL

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Retrieval for this document: 12 units out of 439, = 2.7%

* COCA COLA SYSTEMS POLAND, 10.5.1994, INDUSTRY: SOFT DRINKS

* MAJOR COMPETITORS: 66

----- TEXT UNITS 67-76:

Pepsi has been in the market for the same length of
time as we have. 67
They had an advantage because they had the larger
territories 68
and they started some time earlier to manage it with
western know how. 69
They also had modern bottling plants up and running
before we had. 70
However their New York head office was not so quick
to decide on major investments 71
as we were 72
so we got ahead recently 73
but now they have released a major sum of money 74
to take over the bottlers and make them 100% company
owned. 75
Currently they try to cancel their contracts with
their licensees in order to gain more control. 76

* HOME MARKET STRENGTH VS. LOCAL MKT. STR. 96

----- TEXT UNITS 97-98:

We are stronger now in Poland with a greater weighted
distribution than Pepsi 97
which is also the situation in the USA. 98

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COLPL

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Retrieval for this document: 15 units out of 453, = 3.3%

* COLGATE PALMOLIVE POLAND, 9.5.1994, INDUSTRY:
TOOTHPASTE

* MAJOR COMPETITORS: 46

----- TEXT UNITS 47-52:

There are several depending on each product group, 47
but the big guys are all there. 48
Procter & Gamble, Unilever, Henkel, Benckiser. 49
In toothpaste number one brand is Blend-a-med, 50
we are number two, 51
Signal is number three 52

* DID YOU MAKE IT DIFFICULT FOR YOUR COMPETITORS 371

----- TEXT UNITS 372-374:

I think P&G made it much more difficult for us
sometimes 372
because they know what they have to do 373
and they are often first in doing it. 374

* FREERIDER 383

----- TEXT UNITS 384-389:

P&G started a lot of consumer promotion 384
and now we join in hammering them. 385
However you never know if they already have a larger
hammer lying waiting. 386
It is always certain that whatever you do somebody
will follow you, 387
either more aggressive or not, 388
but that is standard in all markets across the world. 389

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DEHUN

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Retrieval for this document: 43 units out of 307, = 14%

* DOUWE-EGBERTS HUNGARY, 22.6.1994, INDUSTRY: COFFEE

* DECISION TO PIONEER 19

----- TEXT UNITS 21-26:

The question always is whether your shareholders
 permit such a strategy. 21
 At the time when we went into Hungary Jacobs was just
 taken over by Kraft 22
 and the whole organisation was in shambles. 23
 Once they saw we were moving into central and eastern
 Europe 24
 and we were making money 25
 they saw that there were other markets apart from
 Germany and they followed us. 26

 * MAJOR COMPETITORS 45

----- TEXT UNITS 46-47:

At this moment we still hold 54% of the market adding
 all the coffees we do. 46
 The rest is divided between Eduscho which is number
 two in the market, Tchibo, Jacobs, Nestle. 47

----- TEXT UNITS 50-59:

Eduscho is volume wise our biggest competitor 50
 but they are over represented in the lower price
 segments, 51
 basically they don't make money in this market. 52
 They try hard to get into upper price segments 53
 but this is heavily overcrowded with all the other
 players 54
 so they are basically doomed to sell cheap coffee, 55
 but cheap coffees make no profits. 56
 Tchibo is still suffering from the frustration that
 we bought Compack right in front of their nose 57
 and they are pumping in money for launches and
 re-launches 58
 and after being here for 2 years they still haven't
 managed to get more than 7% of the market. 59

----- TEXT UNITS 62-86:

Jacobs which is now Kraft Jacobs Suchard 62
 a part of Phillip Morris conglomerate 63
 don't have their act together yet. 64
 They spent an awful lot of money here 65
 and they had launches and major re-launches during
 the last period so they have to come up with an
 answer shortly. 66
 Their re-launch recently wasn't successful 67
 and they also suffer from selling too much low price
 coffee 68
 which amounts to 60 - 70% of their sales. 69
 They have a very hard time here spending loads of
 money. 70
 They currently have a share of voice which is 2 times
 of ours, 71
 far beyond their market share position. 72
 We have to be on the tip of our toes all the time 73
 because we have a lot of competitors which may be
 little dwarfs right now 74

but they could become bigger and take key positions. 75
 Some Italian roasters try to get a grip on the
 Espresso market 76
 but they are too highly priced 77
 and too highly imaged. 78
 Nestle has brushed up their old brand 'Franck' 79
 which I think they would wish it would do better 80
 and I know from their marketing people that they are
 far from satisfied with the success of their
 re-launch. 81
 There is also a lot of import stuff around 82
 because everybody wants a slice of the cake. 83
 We watch very closely what the others are doing 84
 and every attack they start we counter 85
 to take the wind out of their sails. 86

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HENHUN

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Retrieval for this document: 6 units out of 381, = 1.6%

 * HENKEL HUNGARY, 22.6.1994, INDUSTRY: DETERGENTS

 * MAJOR COMPETITORS 46

----- TEXT UNITS 47-51:

Most local competitors have been taken over by
 western multinationals. 47
 Procter and Lever in the area of detergents and
 cleaners, 48
 Benckiser in detergents 49
 and in cosmetics also L'Oreal. 50
 51

 * BRAND LOYALTY 320

----- TEXT UNITS 329-329:

The cards have been shuffled but they have not yet
 been given out. 329

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HENPL

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Retrieval for this document: 13 units out of 328, = 4.0%

 * HENKEL COSMETICS POLAND, 11.5.1994, INDUSTRY: PCP

 * MAJOR COMPETITORS: 33

----- TEXT UNITS 34-40:

With a full range brand like FA it is very difficult
 to determine a major competitor 34
 because in every segment there is a different brand

which is the main competitor in that segment. 35
 Generally we are up against all major companies 36
 which are present in all western markets like
 Unilever, Procter & Gamble, SKB, Johnson & Johnson
 and others. 37
 The peculiar situation in Poland is that we have more
 competitors than in western markets. 38
 You find German, French, British, Dutch, Spanish,
 Italian and more cosmetic companies selling their
 products in this market. 39
 I doubt that there is a single market in the world
 which has a greater choice of products in such a
 small market. 40

 *CHANGES IN THE MARKET 166

----- TEXT UNITS 167-171:

As I said more and more western companies come into
 the market 167
 and currently markets are still growing slightly 168
 which indicates that there is no saturation yet. 169
 This trend will not continue 170
 and then the fight for market shares will be amongst
 the western companies. 171

 * WHAT HAS CHANGED/WILL CHANGE IN THIS GRID? 231

----- TEXT UNITS 232-232:

I think in the western premium area we will see even
 more competition. 232

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 JJCZ

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 Retrieval for this document: 10 units out of 317, = 3.2%

 * JOHNSON&JOHNSON CZECH REP., 8.6.1994, INDUSTRY: PCP

 * ORDER OF ENTRY: 17

----- TEXT UNITS 18-19:

Tampax is our most important competitor in tampons, 18
 they were one year earlier than we were. 19

 * MAJOR COMPETITORS 22

----- TEXT UNITS 23-25:

Tampax in tampons, 23
 Zwitsal and Nivea in baby cosmetics, 24
 and all other big western companies in PCP like
 Procter, Unilever, BDF etc. 25

* HOW MAKE UP FOR LOST GROUND? 227

----- TEXT UNITS 228-229:

We made up for it because our product is simply
better. 228
We have better quality and also an advantage in
product design. 229

----- TEXT UNITS 234-236:

They just lack the leverage. 234
Tampax is also a one brand company 235
so they have a disadvantage that they can not use the
leverage of a good brand portfolio to help one brand
which needs support. 236

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JJPL
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Retrieval for this document: 2 units out of 223, = 0.90%

* JOHNSON&JOHNSON POLAND, 8.6.1994, INDUSTRY: PCP

* MAJOR COMPETITORS: 20

----- TEXT UNITS 21-22:

Procter & Gamble, Lever Brothers and L'Oreal 21
depending on the product segment. 22

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KJSCZ
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Retrieval for this document: 3 units out of 203, = 1.5%

* KRAFT JACOBS SUCHARD CZECH REP., 8.6.1994,
INDUSTRY: CONFECTIONERY

* MAJOR COMPETITORS 14

----- TEXT UNITS 15-17:

We have two main brands in this market one is Milka
and the other is Suchard. 15
They compete in different segments 16
but over all confectionery segments we compete with
Nestle, Ferrero, Stollwerck, Mars and Lindt. 17

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KJSHUN
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Retrieval for this document: 11 units out of 164, = 6.7%

* KRAFT JACOBS SUCHARD HUNGARY, 17.6.1994, INDUSTRY:

/COFFEE CONFECTIONERY

* MAJOR COMPETITORS 22

----- TEXT UNITS 23-24:

Jacobs is now present in all segments of the coffee market 23
and has to compete with Douwe Egberts who took over Compack, Tchibo, Nestle and Eduscho. 24

----- TEXT UNITS 27-35:

Douwe Egberts is the market leader because they took over the biggest state run roaster Compack in 1990. They have more than 40% of the total market. 27
We have raised our market share to 8.4% from only 3.9% in January so we are doing pretty good. 28
Douwe Egberts with their main brand Omnia have a significant influence on this market in terms of taste and consumer expectation 29
because for a long time under state rule Omnia was the better brand and the leading product with 60% market share. 30
Nestle acquired Zamat in 1991 the brand which was the lower quality alternative with 40% market share which has now fallen to about 15%. 31
For us the recent re-launch which is now completed was very important to get a better position in this market. 32
Within this re-launch we changed the blend of our coffees, the packaging, we introduced new lines, changed the price and introduced new POS materials. 33
Eduscho is the most vulnerable company in the market because the majority of their sales are made with the cheapest available brand 'Wiener Extra' 34
which clearly sacrifices profits for market shares. 35

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NESCZ

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Retrieval for this document: 5 units out of 371, = 1.3%

* NESTLE CZECH REP., 6.6.1994, INDUSTRY: CONFECTIONERY

* MAJOR COMPETITORS 34

----- TEXT UNITS 35-39:

In chocolates we compete with Master Foods or Mars, Jacobs Suchard and Stollwerck from Germany. 35
In the higher priced area you also find Lindt chocolates from Switzerland 36
and some smaller Belgian chocolates. 37
In coffee it is Tchibo from Germany, Eduscho, Douwe Egberts 38
and also Jacobs Suchard but they are very weak in this market. 39

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NESHUN
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Retrieval for this document: 5 units out of 221, = 2.3%

* NESTLE HUNGARY, 23.6.1994, INDUSTRY:
COFFEE/CONFECTIONERY

* DATE OF ENTRY: 1

----- TEXT UNITS 13-14:

The first to be privatised was Compack 13
and they were purchased by Douwe Egberts, 14

----- TEXT UNITS 17-17:

The Nesquik licensee was sold to Stollwerck 17

* MAJOR COMPETITORS 36

----- TEXT UNITS 37-38:

In coffee Douwe Egberts, Eduscho, Tchibo and Jacobs. 37
In chocolate Mars, Stollwerck and Jacobs Suchard. 38

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PGCZ
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Retrieval for this document: 3 units out of 264, = 1.1%

* PROCTER&GAMBLE CZECH REP., 8.6.1994, INDUSTRY:
DETERGENTS

* MAJOR COMPETITORS 35

----- TEXT UNITS 36-37:

All major companies are present in the Czech market. 36
We have here Henkel, Benckiser and Unilever in
detergents. 37

* PRODUCT DIFFERENCE BETWEEN WESTERN COMPETITORS 46

----- TEXT UNITS 48-48:

Henkel for example matches us almost exactly in all
the product positioning 48

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PGHUN
+++++
Retrieval for this document: 7 units out of 258, = 2.7%

* PROCTER&GAMBLE HUNGARY, 16.6.1994, INDUSTRY:
DETERGENTS

* MAJOR COMPETITORS 22

----- TEXT UNITS 23-23:

Henkel is probably our most important competitor in
this market. 23

----- TEXT UNITS 27-32:

The companies we are competing with are all
multinationals 27
and they all have a lot of experience from other
markets 28
and they all know what worked in other markets and
what did not 29
so everybody is using this vast pool of knowledge 30
and nobody has a big advantage 31
because we all have more or less the same know how. 32

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STOLHUN
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Retrieval for this document: 3 units out of 266, = 1.1%

* STOLLWERCK HUNGARY, 20.6.1994, INDUSTRY:
CONFECTIONERY

* MAJOR COMPETITORS 29

----- TEXT UNITS 30-32:

We have achieved market leadership in confectioneries. 30
We are number one in pralines, number two in tablets,
number two in bars, in wafers we are number two 31
and with that we went ahead of Nestle, Mars and
Suchard. 32

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UNLCZ
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Retrieval for this document: 1 unit out of 285, = 0.35%

* UNILEVER CZECH REP., 7.6.1994, INDUSTRY: DETERGENTS

* MAJOR COMPETITORS 61

----- TEXT UNITS 62-62:

Major competitors are Procter and Henkel and
Benckiser. 62

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UNLHUN

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Retrieval for this document: 2 units out of 175, = 1.1%

* UNILEVER HUNGARY, 9.7.1994, INDUSTRY: EDIBLE FATS

* MAJOR COMPETITORS: 27

----- TEXT UNITS 28-28:

There is currently no western competitor who locally
produces margarine in this market. 28

* HOME MARKET STRENGTH VS. LOCAL MKT. STR. 52

----- TEXT UNITS 53-53:

We have only few competitors across markets. We are
usually up against local companies but not many other
big food companies have the same emphasis on edible
fats as we have. In the US we have Kraft but that's
about it. 53

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UNLPL

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Retrieval for this document: 16 units out of 268, = 6.0%

* UNILEVER POLAND, 13.5.1994, INDUSTRY: TOOTHPASTE

* MAJOR COMPETITORS: 27

----- TEXT UNITS 28-35:

Poland has subsidiaries of all big companies 28
and we are up against Procter & Gamble, Henkel,
Benckiser and others 29
in toothpaste it is mainly Procter & Gamble and
Colgate. 30
In toothpaste Blend-a-med is the market leader 31
followed by Colgate 32
and we are third. 33
Colgate had a lot of problems with their factory in
Poland 34
and it took them very long to get over the problems. 35

* HOME MARKET STRENGTH VS. LOCAL MKT. STR. 61

----- TEXT UNITS 62-66:

Signal is in all markets amongst the top 3 brands 62
and in many markets the market leader. 63
Unilever has traditionally markets in which they do
very well 64
and in others competitors are stronger 65

but we always aim for the market leader position. 66

* PRODUCT DIFFERENCE BETWEEN WESTERN COMPETITORS 98

----- TEXT UNITS 99-101:

Everybody specialises in a certain field. 99
The market is quite differentiated 100
and different products have different strengths. 101

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Total number of text units retrieved = 160
Retrievals in 18 out of 19 documents, = 95%.
The documents with retrievals have a total of 5164 text
units,
so text units retrieved in these documents = 3.1%.
All documents have a total of 5487 text units,
so text units found in these documents = 2.9%.

(3 2) /Competition/Local

TEXT IN ALL DOCUMENTS:

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COLPL

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Retrieval for this document: 4 units out of 453, = 0.88%

* COLGATE PALMOLIVE POLAND, 9.5.1994, INDUSTRY: TOOTHPASTE

* MAJOR COMPETITORS: 46

----- TEXT UNITS 50-50:

In toothpaste number one brand is Blend-a-med, 50

----- TEXT UNITS 53-53:

and a local brand Koala-dent is number four. 53

*CHANGES IN THE MARKET 191

----- TEXT UNITS 195-196:

The only big change was the local competitor
Koala-dent 195
which has improved their formula. 196

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DEHUN

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Retrieval for this document: 1 unit out of 307, = 0.33%

* DOUWE-EGBERTS HUNGARY, 22.6.1994, INDUSTRY: COFFEE

* MAJOR COMPETITORS 45

----- TEXT UNITS 48-48:

4% of the market are divided between 8 or 10 small
roasters 48

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JJCZ

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Retrieval for this document: 5 units out of 317, = 1.6%

* JOHNSON&JOHNSON CZECH REP., 8.6.1994, INDUSTRY: PCP

* PRODUCT DIFFERENCE TO LOCAL COMPETITORS 80

----- TEXT UNITS 83-85:

In hygiene paper the number one brand is the lowest quality you can imagine selling at the lowest price, 83
which has to be increased once the company becomes private 84
because they can not possibly make a profit at that price. 85

* THE FUTURE OF BRANDS IN THE CZECH REPUBLIC 305

----- TEXT UNITS 309-310:

I know that the local brands are still very strong 309
and it will take time until the No. 1 western brands
will also achieve the No. 1 position in this market. 310

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UNLHUN

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Retrieval for this document: 1 unit out of 175, = 0.57%

* UNILEVER HUNGARY, 9.7.1994, INDUSTRY: EDIBLE FATS

* HOME MARKET STRENGTH VS. LOCAL MKT. STR. 52

----- TEXT UNITS 54-54:

Having only local competitors they quickly become unimportant because they lack financial strengths as well as marketing know how and I would say that most western competitors find it very hard to compete with us but the local companies here have virtually no chance in the long run. 54

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Total number of text units retrieved = 11
Retrievals in 4 out of 19 documents, = 21%.
The documents with retrievals have a total of 1252 text units,
so text units retrieved in these documents = 0.88%.
All documents have a total of 5487 text units,
so text units found in these documents = 0.20%.

TEXT IN ALL DOCUMENTS:

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bdfcz
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Retrieval for this document: 7 units out of 241, = 2.9%

* BEIERSDORF BDF CZECH REP., 7.6.1994, INDUSTRY: PCP

* WESTERN BRAND WHICH FAILED 70

----- TEXT UNITS 71-73:

So far we have only seen new brands coming in and non
leaving. 71
Not all have the same success 72
but I think everybody is still hopeful. 73

* DISADVANTAGES OF BEING LATE 148

----- TEXT UNITS 156-159:

All the big companies are here now 156
and I would not recommend to a smaller company to
come into this market now 157
because it is too late the competition is already
fierce 158
and if you are not already in the market you have no
chance. 159

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COLPL
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Retrieval for this document: 4 units out of 453, = 0.88%

* COLGATE PALMOLIVE POLAND, 9.5.1994, INDUSTRY:
TOOTHPASTE

* DECISION TO ENTER INFLUENCED BY COMPETITION? 210

----- TEXT UNITS 211-214:

No, I think everybody saw the opportunity 211
and if you are too late you can forget it. 212
Although competitors are still entering the market 213
but they are of the smaller sort. 214

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HENPL
+++++
Retrieval for this document: 5 units out of 328, = 1.5%

* HENKEL COSMETICS POLAND, 11.5.1994, INDUSTRY: PCP

*CHANGES IN THE MARKET 166

----- TEXT UNITS 167-171:

As I said more and more western companies come into
the market 167
and currently markets are still growing slightly 168
which indicates that there is no saturation yet. 169
This trend will not continue 170
and then the fight for market shares will be amongst
the western companies. 171

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UNLHUN

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Retrieval for this document: 7 units out of 175, = 4.0%

* UNILEVER HUNGARY, 9.7.1994, INDUSTRY: EDIBLE FATS

* MAJOR COMPETITORS: 27

----- TEXT UNITS 29-32:

There may be a new entrant in September of this year. 29
We have some local and international competition in
the butter area like Meggle or Golden Vale. 30
In oils there is one local competitor which is
relatively international itself. 31
All this is no comparison to the other business areas
we are in like detergents for example. 32

* OBJECTIVES BEFORE COMPETITION 118

----- TEXT UNITS 119-121:

No currently we don't have any particular objectives
which we want to achieve before a competitor starts. 119
Our strategy is not build on that scenario. 120
But you have to remember that the competitor who we
expect is not a really strong force and therefore it
is not a threatening perspective for us. 121

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Total number of text units retrieved = 23
Retrievals in 4 out of 19 documents, = 21%.
The documents with retrievals have a total of 1197 text
units,
so text units retrieved in these documents = 1.9%.
All documents have a total of 5487 text units,
so text units found in these documents = 0.42%.

(3 4) /Competition/Portfolio Dev.

TEXT IN ALL DOCUMENTS:

(This node indexes no documents.)

TEXT IN ALL DOCUMENTS:

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bdfcz
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Retrieval for this document: 3 units out of 241, = 1.2%

* BEIERSDORF BDF CZECH REP., 7.6.1994, INDUSTRY: PCP

* WESTERN BRAND WHICH FAILED 70

----- TEXT UNITS 71-73:

So far we have only seen new brands coming in and non
leaving. 71
Not all have the same success 72
but I think everybody is still hopeful. 73

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CCPL
+++++
Retrieval for this document: 11 units out of 439, = 2.5%

* COCA COLA SYSTEMS POLAND, 10.5.1994, INDUSTRY: SOFT
DRINKS

* WESTERN BRAND WHICH FAILED 179

----- TEXT UNITS 180-188:

There are some brands which are not doing terribly
well 180
because they are too expensive and they are too
expensive 181
because they are not producing locally. 182
In our area we have some B brands which can not gain
enough momentum to be successful 183
one is Sinco Cola from Germany which has no real
distribution 184
apart from one small area and the product is bottled
by a Polish brewery 185
and it doesn't look as if they would be able to hold
on to the small share of that local market they
currently have. 186
I assume they will continue to sink some money into
this operation 187
and cut their losses at some point in the future. 188

* WHAT HAS CHANGED/WILL CHANGE IN THIS GRID? 299

----- TEXT UNITS 300-301:

I don't think anything will change 300
apart from the fact that some of the B brands will

disappear.

301

+++++

COLPL

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Retrieval for this document: 4 units out of 453, = 0.88%

* COLGATE PALMOLIVE POLAND, 9.5.1994, INDUSTRY:
TOOTHPASTE

* WESTERN BRAND WHICH FAILED 162

----- TEXT UNITS 167-167:

But real failure no, everybody increases or decreases
only slightly. 167

* RISKS AT/OF ENTRY 216

----- TEXT UNITS 217-219:

It seems not everybody realised there were risks. 217
Everybody jumped in 218
and only now you see some pulling slowly out again. 219

+++++

DEHUN

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Retrieval for this document: 5 units out of 307, = 1.6%

* DOUWE-EGBERTS HUNGARY, 22.6.1994, INDUSTRY: COFFEE

* BRAND WHICH FAILED 132

----- TEXT UNITS 133-137:

The re-launch of 'Franck' coffee 133
which was originally the second monopoly factory with
30% market share 134
and it was called 'Zamat' then. 135
ZAmat was confined to the lower quality segment 136
and they were taken over by Nestle. 137

+++++

HENHUN

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Retrieval for this document: 4 units out of 381, = 1.0%

* HENKEL HUNGARY, 22.6.1994, INDUSTRY: DETERGENTS

* WESTERN BRAND WHICH FAILED 105

----- TEXT UNITS 106-107:

There are a number of brands which have failed in
central Europe. 106
I can't really think of a good example. 107

* MARKET READINESS 109

----- TEXT UNITS 123-124:

so it was a number of factors which lead to a level
of sales which is so low 123
that we will not continue it. 124

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HENPL

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Retrieval for this document: 11 units out of 328, = 3.4%

* HENKEL COSMETICS POLAND, 11.5.1994, INDUSTRY: PCP

* WESTERN BRAND WHICH FAILED 145

----- TEXT UNITS 146-156:

Not yet. 146
Companies can be here at relatively low cost 147
and if they believe they can be more successful in
the future they will stay 148
because it is not very expensive if you don't have a
big operation. 149
There will be shake out in the future 150
but it is too early yet. 151
The Polish market attracted many competitors from
many countries 152
which lead to a situation in which a still small
market is divided between many more competitors than
for example Germany. 153
Here we have for example Cussons from the UK which is
not present in Germany. 154
In the long run the market will not be able to carry
such a large number of competitors 155
and some will have to go. 156

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JJCZ

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Retrieval for this document: 10 units out of 317, = 3.2%

* JOHNSON&JOHNSON CZECH REP., 8.6.1994, INDUSTRY: PCP

* WESTERN BRAND WHICH FAILED 87

----- TEXT UNITS 88-94:

I think there are a lot of failures to be quite frank. 88
I would say not failed in a sense that they pack up
and go home, 89

but they have not performed near to the expectations
of the company for sure. 90
Procter & Gamble's 'always' was introduced in
November 1992, 91
they spent heavily on advertising, 92
they sampled extensively, 93
they pushed it through distribution on the back of
Ariel, 94

----- TEXT UNITS 98-100:

Another example is Sara Lee's Zwitsal Baby cosmetics
which is very much modelled in packaging and price on
our own baby range. 98
But they have not achieved any success. 99
The problem is they are basically a me-too. 100

+++++
KJSCZ
+++++
Retrieval for this document: 2 units out of 203, = 0.99%

* KRAFT JACOBS SUCHARD CZECH REP., 8.6.1994,
INDUSTRY: CONFECTIONERY

* WESTERN BRAND WHICH FAILED 64

----- TEXT UNITS 65-66:

I think Dash has failed 65
because it has nothing new and different to offer. 66

+++++
KJSHUN
+++++
Retrieval for this document: 4 units out of 164, = 2.4%

* KRAFT JACOBS SUCHARD HUNGARY, 17.6.1994, INDUSTRY:
/COFFEE CONFECTIONERY

* WESTERN BRAND WHICH FAILED 55

----- TEXT UNITS 56-59:

I think Nestle's re-launch of the brand Franck was a
failure. 56
They took over the cheap coffee brand Zamat and
everybody knew this was cheap and nasty coffee. 57
They re-launched it under the brand name Franck which
is a very old but not very well known brand name,
made a lot of noise with promotions and advertising
and basically the content was still the same old
Zamat coffee only in a flashy new pack supported by
advertising and at a higher price. 58
Consumers felt cheated on and the result is that they
have lost almost half of their initial market share
in a few months. 59

+++++

NESCZ

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Retrieval for this document: 17 units out of 371, = 4.6%

* NESTLE CZECH REP., 6.6.1994, INDUSTRY: CONFECTIONERY

* WESTERN BRAND WHICH FAILED 106

----- TEXT UNITS 107-123:

It is difficult to identify failures 107
because you never know what the policy of a company
is 108
so they may go for a high profit small share policy, 109
but I think that Master Foods has big problems in
this market. 110
They started with their chocolate bars, 111
which are because of import duties are very expensive. 112
They kept that price level 113
although most other western competitors were trying
to bring their prices down. 114
People tried Mars or Snickers once 115
and couldn't find the justification for the price
they were asking 116
so they switched back to their local brands. 117
It is important to know that chocolate bars in the
Czech market generally are less chocolaty than Mars
they are more based on wafers, 118
which makes them much cheaper to produce. 119
So people went back to their taste and their price. 120
Mars in my eyes has failed in this market. 121
They now reduced the price 122
but I fear it is too late for them. 123

+++++

NESHUN

+++++

Retrieval for this document: 4 units out of 221, = 1.8%

* NESTLE HUNGARY, 23.6.1994, INDUSTRY:
COFFEE/CONFECTIONERY

* WESTERN BRAND WHICH FAILED 82

----- TEXT UNITS 83-86:

Mars has big problems 83
because they have to import all their products 84
and that means they have to sell at a very high price. 85
I wouldn't say they have failed but they have a very
hard time. 86

+++++

PGCZ

+++++

Retrieval for this document: 9 units out of 264, = 3.4%

* PROCTER&GAMBLE CZECH REP., 8.6.1994, INDUSTRY:
DETERGENTS

* WESTERN BRAND WHICH FAILED 72

----- TEXT UNITS 73-81:

Well, it depends how you define failure	73	
but if you look at Omo and 1.5% - 2% of the market		74
I would not consider as a big success.	75	
But if that was their original intention it's OK.	76	
Omo came too late	77	
offered no innovations	78	
and follows a typical me-too strategy.	79	
Unilever also has a very poor distribution	80	
and Omo therefore has a very poor shelf presence.		81

+++++
PGHUN

+++++
Retrieval for this document: 7 units out of 258, = 2.7%

* PROCTER&GAMBLE HUNGARY, 16.6.1994, INDUSTRY:
DETERGENTS

* WESTERN BRAND WHICH FAILED 79

----- TEXT UNITS 80-86:

Failing is a hard word.	80	
I can't see any big failures.	81	
The only one which was a failure in my book is Persil Supra.	82	
I think it's a failure because people here see value for money directly related to weight and size.	83	
They buy big boxes and think they have more for their money than buying a small box with concentrate.		84
It is not yet possible to make clear to them that the small box is just as effective and worth its money than the big box.	85	
The failure occurred because the market wasn't ready yet for that kind of product.	86	

+++++
STOLHUN

+++++
Retrieval for this document: 12 units out of 266, = 4.5%

* STOLLWERCK HUNGARY, 20.6.1994, INDUSTRY:
CONFECTIONERY

* WESTERN BRAND WHICH FAILED 84

----- TEXT UNITS 85-96:

Mars is relatively weak and has failed in my opinion. 85
 I think they started on a price level which was much
 too high. 86
 They recently lowered their price 87
 which came much too late. 88
 They did not have a local factory 89
 and I think they did not want to invest into that 90
 and they were not prepared to operate with a loss for
 some time 91
 until they reached volumes which would justify
 production facilities. 92
 Ferrero is another case. 93
 They have withdrawn because they did not get on at
 all. 94
 They, as Mars, have tried to work with concepts which
 had been developed in other markets 95
 neglecting the differences of the local market. 96

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 UNLCZ

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 Retrieval for this document: 3 units out of 285, = 1.1%

 * UNILEVER CZECH REP., 7.6.1994, INDUSTRY: DETERGENTS

 * WESTERN BRAND WHICH FAILED 95

----- TEXT UNITS 96-98:

There are some brands which took big market shares 96
 and now they are going down rapidly. 97
 But failures I couldn't really tell. 98

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 UNLPL

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 Retrieval for this document: 2 units out of 268, = 0.75%

 * UNILEVER POLAND, 13.5.1994, INDUSTRY: TOOTHPASTE

 * WESTERN BRAND WHICH FAILED 120

----- TEXT UNITS 121-122:

I don't really know any. 121
 I think it is too early everybody still thinks they
 can be successful. 122

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 Total number of text units retrieved = 108
 Retrievals in 16 out of 19 documents, = 84%.
 The documents with retrievals have a total of 4766 text
 units,
 so text units retrieved in these documents = 2.3%.
 All documents have a total of 5487 text units,

so text units found in these documents = 2.0%.

(3 5 1) /Competition/Hanging On/Too Early

TEXT IN ALL DOCUMENTS:

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bdfcz

+++++

Retrieval for this document: 3 units out of 241, = 1.2%

* BEIERSDORF BDF CZECH REP., 7.6.1994, INDUSTRY: PCP

* WESTERN BRAND WHICH FAILED 70

----- TEXT UNITS 74-76:

As most people have recognised that this is a promising market 74
nobody wants to give up too early 75
so real failures are not yet visible. 76

+++++

DEHUN

+++++

Retrieval for this document: 2 units out of 307, = 0.65%

* DOUWE-EGBERTS HUNGARY, 22.6.1994, INDUSTRY: COFFEE

* MAJOR COMPETITORS 45

----- TEXT UNITS 60-61:

I think they have a make it or break it point coming up very soon 60
when they have to decide whether to stick it out or withdraw. 61

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JJPL

+++++

Retrieval for this document: 3 units out of 223, = 1.3%

* JOHNSON&JOHNSON POLAND, 8.6.1994, INDUSTRY: PCP

* WESTERN BRAND WHICH FAILED 75

----- TEXT UNITS 76-78:

I can't see any yet 76
but you must not forget we are in a marathon here and we have just left the start 77
so it will take some time until you will see people falling back and leave the race. 78

+++++

Total number of text units retrieved = 8

Retrievals in 3 out of 19 documents, = 16%.
The documents with retrievals have a total of 771 text
units,
so text units retrieved in these documents = 1.0%.
All documents have a total of 5487 text units,
so text units found in these documents = 0.15%.

(4) /Objectives

TEXT IN ALL DOCUMENTS:
(This node indexes no documents.)

(4 1) /Objectives/First

TEXT IN ALL DOCUMENTS:

+++++
bdfcz
+++++
Retrieval for this document: 1 unit out of 241, = 0.41%

* BEIERSDORF BDF CZECH REP., 7.6.1994, INDUSTRY: PCP

* IMMEDIATE OBJECTIVES 23

----- TEXT UNITS 24-24:

First of all it was to build up our own distribution. 24

+++++
CCPL
+++++
Retrieval for this document: 12 units out of 439, = 2.7%

* COCA COLA SYSTEMS POLAND, 10.5.1994, INDUSTRY: SOFT DRINKS

* FORM OF ENTRY: 24

----- TEXT UNITS 27-28:

We set up a systems office here in Warsaw in 1989 27
and we started to look for joint venture partners. 28

----- TEXT UNITS 37-39:

We firstly invested into bottling, 37
then into distribution trucks 38
and now we invest into people and advertising. 39

* FREERIDER EFFECTS 310

----- TEXT UNITS 316-318:

One example is a central office 316
we immediately set up a central office which
co-ordinated all efforts. 317
Pepsi only set up an office last year, before that
everything was attached to the breweries who handled
Pepsi business. 318

* IMMEDIATE OBJECTIVES AFTER ENTRY 351

----- TEXT UNITS 353-354:

We had to gain control of distribution immediately 353
to set up a efficient and effective distribution

organisation. 354

* OBJECTIVES BEFORE COMPETITION 358

----- TEXT UNITS 362-363:

So we tried to get to as many restaurants as possible
at an early stage 362
and get them into our contract. 363

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COLPL
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Retrieval for this document: 3 units out of 453, = 0.66%

* COLGATE PALMOLIVE POLAND, 9.5.1994, INDUSTRY:
TOOTHPASTE

* PROBLEMS FOR THE BRAND AT ENTRY 63

----- TEXT UNITS 73-73:

Our objective was to build the brand. 73

* IMMEDIATE OBJECTIVES AFTER ENTRY 337

----- TEXT UNITS 340-341:

Qualitative objectives were to get a local factory 340
and to set up a really professional organisation. 341

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HENHUN
+++++
Retrieval for this document: 8 units out of 381, = 2.1%

* HENKEL HUNGARY, 22.6.1994, INDUSTRY: DETERGENTS

* DECISION TO PIONEER 21

----- TEXT UNITS 26-27:

We had to build a management force to go into these
markets 26
and equip this force with local know how 27

* IMMEDIATE OBJECTIVES 52

----- TEXT UNITS 53-56:

To achieve awareness 53
and weight in a market quickly. 54
Weight with the distribution channel and the
consumers. 55

Achieve a level of distribution 56

----- TEXT UNITS 59-60:

but it still has to be done quickly and as early as possible 59
to move out of an area under 5% of awareness where total failure is still possible. 60

+++++

JJCZ

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Retrieval for this document: 6 units out of 317, = 1.9%

* JOHNSON&JOHNSON CZECH REP., 8.6.1994, INDUSTRY: PCP

* IMMEDIATE OBJECTIVES 27

----- TEXT UNITS 28-33:

Immediate objectives were to establish the company name 28
as well as the two brand names we had at that time. 29
It was important for us to establish Johnson baby products, 30
gain trust 31
and establish the quality of the brand. 32
Because once you have consumers trust your brand you have almost won the game. 33

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JJPL

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Retrieval for this document: 1 unit out of 223, = 0.45%

* JOHNSON&JOHNSON POLAND, 8.6.1994, INDUSTRY: PCP

* ACHIEVE BEFORE COMPETITION 115

----- TEXT UNITS 116-116:

Firstly establish your product line 116

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KJSCZ

++++

Retrieval for this document: 3 units out of 203, = 1.5%

* KRAFT JACOBS SUCHARD CZECH REP., 8.6.1994, INDUSTRY: CONFECTIONERY

* IMMEDIATE OBJECTIVES 19

----- TEXT UNITS 20-22:

Distribution was important, to get that organised and going. 20
Brand awareness was also a key issue 21
which we concentrated on in the early stages. 22

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KJSHUN

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Retrieval for this document: 4 units out of 164, = 2.4%

* KRAFT JACOBS SUCHARD HUNGARY, 17.6.1994, INDUSTRY:
/COFFEE CONFECTIONERY

* KEY FACTORS 15

----- TEXT UNITS 16-17:

We have very strict volume and share targets. 16
We want to achieve high consumer trials and then
maximum repurchase rates over time. 17

* IMMEDIATE OBJECTIVES 38

----- TEXT UNITS 39-40:

We wanted to create brand awareness and brand
attention very early on 39
so we spent heavily on advertising from day one. 40

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NESCZ

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Retrieval for this document: 4 units out of 371, = 1.1%

* NESTLE CZECH REP., 6.6.1994, INDUSTRY: CONFECTIONERY

* IMMEDIATE OBJECTIVES 41

----- TEXT UNITS 42-44:

Our immediate objectives were to secure successful
local brands 42
at an acceptable price in our product segments 43
to take over and re-launch them. 44

----- TEXT UNITS 51-51:

Another immediate objective was to get a good
distribution system off the ground as early as
possible. 51

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PEPPL

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Retrieval for this document: 12 units out of 323, = 3.7%

* PEPSI POLAND, 11.5.1994, INDUSTRY: SOFT DRINKS

* IMMEDIATE OBJECTIVES AFTER ENTRY 242

----- TEXT UNITS 243-254:

For us it was important when we decided to take on
Coke to get a good distribution of the ground.
Because the Pepsi franchise was with breweries which
were state owned 243
you had usually no sales department no marketing 244
and often not even a second telephone line for orders. 245
So we set up a proper sales office 246
with telephone sales people 247
as well as representatives 248
and merchandisers. 249
We bought trucks to deliver 250
and introduced incentive payments for the drivers. 251
The result was that some drivers worked 14 hours a
day and earned almost a fortune. 252
But without all this we would have stood no chance. 253
We then started advertising and promotion and
supplying POS material to the customers. 254

+++++

PGCZ

++++

Retrieval for this document: 4 units out of 264, = 1.5%

* PROCTER&GAMBLE CZECH REP., 8.6.1994, INDUSTRY:
DETERGENTS

* DATE OF ENTRY: 1

----- TEXT UNITS 3-3:

and the first task was buying a plant in the country
to produce detergents, dish washing liquids and
fabric softeners. 3

* IMMEDIATE OBJECTIVES ACHIEVE BEFORE COMPETITION 175

----- TEXT UNITS 176-178:

The first objective was to acquire the factory 176
in order to have a manufacturing base 177
and local brands. 178

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PGHUN

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Retrieval for this document: 4 units out of 258, = 1.6%

* PROCTER&GAMBLE HUNGARY, 16.6.1994, INDUSTRY:
DETERGENTS

* IMMEDIATE OBJECTIVES 34

----- TEXT UNITS 35-38:

Whenever we launch a brand or a product we have very
concrete objectives which we have to achieve. 35
All these objectives are quantitative measurements of
the success of that particular launch. 36
Awareness and trial are most important for us to
achieve at an early stage 37
because once people try our product we can convince
them with our superior quality and performance. 38

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UNLCZ
+++++
Retrieval for this document: 5 units out of 285, = 1.8%

* UNILEVER CZECH REP., 7.6.1994, INDUSTRY: DETERGENTS

* IMMEDIATE OBJECTIVES 38

----- TEXT UNITS 41-45:

Our first main objective therefore was to begin
somehow. 41
We were lacking people 42
we had no ex-pats in detergents 43
and the real aim was to begin an operation somehow 44
and see later what we could do. 45

+++++
UNLHUN
+++++
Retrieval for this document: 1 unit out of 175, = 0.57%

* UNILEVER HUNGARY, 9.7.1994, INDUSTRY: EDIBLE FATS

* IMMEDIATE OBJECTIVES AFTER ENTRY 114

----- TEXT UNITS 115-115:

Our first objectives were of an organisational and
management nature. To get an organisation up and
running and to staff it with capable people from the
country itself and not only Expats. 115

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UNLPL
+++++
Retrieval for this document: 1 unit out of 268, = 0.37%

* UNILEVER POLAND, 13.5.1994, INDUSTRY: TOOTHPASTE

----- TEXT UNITS 193-193:

We wanted to achieve a good distribution system
quickly. 193

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Total number of text units retrieved = 69
Retrievals in 15 out of 19 documents, = 79%.
The documents with retrievals have a total of 4365 text
units,
so text units retrieved in these documents = 1.6%.
All documents have a total of 5487 text units,
so text units found in these documents = 1.3%.

(4 2) /Objectives/Second

TEXT IN ALL DOCUMENTS:

+++++

bdfcz

+++++

Retrieval for this document: 1 unit out of 241, = 0.41%

* BEIERSDORF BDF CZECH REP., 7.6.1994, INDUSTRY: PCP

* IMMEDIATE OBJECTIVES 23

----- TEXT UNITS 25-25:

Secondly to increase the awareness of the whole range of our products. 25

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CCPL

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Retrieval for this document: 8 units out of 439, = 1.8%

* COCA COLA SYSTEMS POLAND, 10.5.1994, INDUSTRY: SOFT DRINKS

* FORM OF ENTRY: 24

----- TEXT UNITS 37-39:

We firstly invested into bottling, 37
then into distribution trucks 38
and now we invest into people and advertising. 39

* IMMEDIATE OBJECTIVES AFTER ENTRY 351

----- TEXT UNITS 355-356:

First we needed to solve the problem of availability 355
and now we are on the next stage to increase the acceptability. 356

* OBJECTIVES BEFORE COMPETITION 358

----- TEXT UNITS 364-366:

Now we try to get into the supermarkets and small grocers. 364
We give them a fridge in which they are supposed to only stock our products 365
and we also give them POS material. 366

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JJPL

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Retrieval for this document: 2 units out of 223, = 0.90%

* JOHNSON&JOHNSON POLAND, 8.6.1994, INDUSTRY: PCP

* ACHIEVE BEFORE COMPETITION 115

----- TEXT UNITS 117-118:

secondly try to gain your long term competitive
advantage 117
and then invest and safeguard your advantage. 118

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KJSHUN

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Retrieval for this document: 1 unit out of 164, = 0.61%

* KRAFT JACOBS SUCHARD HUNGARY, 17.6.1994, INDUSTRY:
/COFFEE CONFECTIONERY

* IMMEDIATE OBJECTIVES 38

----- TEXT UNITS 41-41:

Secondly was the right product portfolio in response
to understanding the local consumer. 41

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PGCZ

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Retrieval for this document: 1 unit out of 264, = 0.38%

* PROCTER&GAMBLE CZECH REP., 8.6.1994, INDUSTRY:
DETERGENTS

* IMMEDIATE OBJECTIVES ACHIEVE BEFORE COMPETITION 175

----- TEXT UNITS 179-179:

We then went for market leadership in our categories. 179

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UNLHUN

+++++
Retrieval for this document: 1 unit out of 175, = 0.57%

* UNILEVER HUNGARY, 9.7.1994, INDUSTRY: EDIBLE FATS

* IMMEDIATE OBJECTIVES AFTER ENTRY 114

----- TEXT UNITS 116-116:

That was followed by an immediate attempt to gain

market leadership. This objective to achieve this position stands above the profit objective. 116

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Total number of text units retrieved = 14
Retrievals in 6 out of 19 documents, = 32%.
The documents with retrievals have a total of 1506 text units,
so text units retrieved in these documents = 0.93%.
All documents have a total of 5487 text units,
so text units found in these documents = 0.26%.

(5) /Retail Infra S.

TEXT IN ALL DOCUMENTS:

+++++

bdfcz

+++++

Retrieval for this document: 4 units out of 241, = 1.7%

* BEIERSDORF BDF CZECH REP., 7.6.1994, INDUSTRY: PCP

*DISTRIBUTION 27

----- TEXT UNITS 28-31:

Our products are sold in a great variety of outlets. 28
We have cosmetic shops, drugstores, pharmacies and
warehouses. 29
Increasingly supermarkets 30
although they are not too important as yet. 31

+++++

UNLHUN

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Retrieval for this document: 3 units out of 175, = 1.7%

* UNILEVER HUNGARY, 9.7.1994, INDUSTRY: EDIBLE FATS

* CHANGES IN RETAIL INFRA STRUCTURE: 19

----- TEXT UNITS 20-22:

The average retail outlet is much smaller here in
Hungary than in western Europe. 20
However, there is a clear tendency towards larger
retail units. 21
The average is 400 qm to 600qm, but there are many
outlets which have only up to 25 qm. 22

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Total number of text units retrieved = 7
Retrievals in 2 out of 19 documents, = 11%.
The documents with retrievals have a total of 416 text
units,
so text units retrieved in these documents = 1.7%.
All documents have a total of 5487 text units,
so text units found in these documents = 0.13%.

TEXT IN ALL DOCUMENTS:

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CCPL

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Retrieval for this document: 13 units out of 439, = 3.0%

* COCA COLA SYSTEMS POLAND, 10.5.1994, INDUSTRY: SOFT DRINKS

* CHANGES IN RETAIL INFRA STRUCTURE: 41

----- TEXT UNITS 42-42:

The number of retail outlets has increased considerably 42

----- TEXT UNITS 48-59:

Some supermarket chains from Germany and Austria now enter the market 48 and try to set up their operations 49 but they are not yet of great importance. 50 It seems that after the current explosion of retail outlets 51 we will see a concentration process 52 which may lead as far as a British situation 53 in which a small number of companies basically control the market. 54 Many smaller operations will then forced out of the market. 55 In the restaurant business we also see a lot of new openings 56 and a variety of western companies opening outlets here, 57 Warsaw now has about 5 McDonald's, 3 Burger King, Several Pizza Hut - Taco Bell - KFC outlets 58 and other operations are coming as well. 59

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COLPL

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Retrieval for this document: 8 units out of 453, = 1.8%

* COLGATE PALMOLIVE POLAND, 9.5.1994, INDUSTRY: TOOTHPASTE

* CHANGES IN RETAIL INFRA STRUCTURE: 24

----- TEXT UNITS 25-26:

The retail infra structure has changed completely 25 because in the past you could only sell through the hard currency shops Pewex and Baltica. 26

----- TEXT UNITS 28-29:

The number of retail outlets in general has expanded 28
and the number of outlets which are selling our
products has also. 29

----- TEXT UNITS 38-39:

The quality of retail shops has improved a lot since
1992 38
and they now realise they need better merchandising
materials. 39

* BRAND NAMES INFLUENCE CONSUMERS? 398

----- TEXT UNITS 403-404:

The future will be determined by what happens to the
retailing industry. 403
Will it be a concentration as in the UK or will it
remain diverse? 404

+++++

DEHUN

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Retrieval for this document: 9 units out of 307, = 2.9%

* DOUWE-EGBERTS HUNGARY, 22.6.1994, INDUSTRY: COFFEE

* CHANGES IN RETAIL INFRA STRUCTURE: 114

----- TEXT UNITS 115-123:

I don't think that anybody in the distribution
channels has their act together. 115
The privatisation of distribution takes place in
stages 116
and the next step will be the wholesalers 117
which means some will disappear others will merge and
new ones will come in. 118
Currently it is a jungle out there. 119
The number of new outlets which have emerged during
the last 2 years is beyond imagination. 120
You find everything between 20 sqm and 2000 sqm
stores it is simply unbelievable. 121
The current state of things will have to change 122
and the speed at which things will change will depend
on how the market as a whole will develop. 123

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HENPL

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Retrieval for this document: 6 units out of 328, = 1.8%

* HENKEL COSMETICS POLAND, 11.5.1994, INDUSTRY: PCP

* CHANGES IN RETAIL INFRA STRUCTURE: 13

----- TEXT UNITS 14-16:

During the time we have been here the retailing trade
has almost exploded 14
and is totally atomistic by now. 15
The retail trade is fixated on new product launches
and advertising. 16

----- TEXT UNITS 30-31:

There is a say in Poland that everybody with two legs
opens a retail business 30
and everybody with two legs and a car opens a
wholesale business. 31

* DISTRIBUTION 277

----- TEXT UNITS 284-284:

The number of outlets now consolidates but has
increased considerably in the recent past. 284

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JJCZ
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Retrieval for this document: 4 units out of 317, = 1.3%

* JOHNSON&JOHNSON CZECH REP., 8.6.1994, INDUSTRY: PCP

*DISTRIBUTION 35

----- TEXT UNITS 38-39:

The understanding of business rules within most small
stores is very little. 38
All the stores are either new start ups or newly
privatised. 39

* CHANGES IN RETAIL INFRA STRUCTURE: 46

----- TEXT UNITS 47-48:

The changes have been quite frustrating 47
and not at all what we would have expected. 48

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JJPL
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Retrieval for this document: 3 units out of 223, = 1.3%

* JOHNSON&JOHNSON POLAND, 8.6.1994, INDUSTRY: PCP

* CHANGES IN RETAIL INFRA STRUCTURE: 15

----- TEXT UNITS 16-18:

The number of outlets has grown during recent years 16
and the first western chains are entering the market. 17
A concentration process will soon start. 18

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KJSCZ

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Retrieval for this document: 4 units out of 203, = 2.0%

* KRAFT JACOBS SUCHARD CZECH REP., 8.6.1994,
INDUSTRY: CONFECTIONERY

* CHANGES IN RETAIL INFRA STRUCTURE: 40

----- TEXT UNITS 41-44:

The market is dominated by small shops 41
and the 'big' chains account for only 5% of the
retail market. 42
Since shops have been privatised numbers have gone up 43
and this trends continues presently. 44

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NESHUN

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Retrieval for this document: 3 units out of 221, = 1.4%

* NESTLE HUNGARY, 23.6.1994, INDUSTRY:
COFFEE/CONFECTIONERY

* CHANGES IN RETAIL INFRA STRUCTURE: 51

----- TEXT UNITS 52-54:

In the past the goods were shipped to 20 wholesalers
once a month by full palletes. 52
Everything happened according to the plan. 53
From one day to another everybody starts to ship
commissioned pallets every single day to 300
wholesalers. 54

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PGCZ

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Retrieval for this document: 2 units out of 264, = 0.76%

* PROCTER&GAMBLE CZECH REP., 8.6.1994, INDUSTRY:
DETERGENTS

* CHANGES IN RETAIL INFRA STRUCTURE: 27

----- TEXT UNITS 28-29:

The market is expanding. 28
The number of outlets keeps multiplying in the Czech market. 29

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PGHUN

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Retrieval for this document: 9 units out of 258, = 3.5%

* PROCTER&GAMBLE HUNGARY, 16.6.1994, INDUSTRY:
DETERGENTS

* CHANGES IN RETAIL INFRA STRUCTURE: 53

----- TEXT UNITS 54-62:

Trade has changed a lot. 54
At the beginning there was a regional organisation 55
and there was a state owned wholesaler for each county. 56
Now there is total confusion with wholesalers, state
owned and private, stores in private ownership and
state owned. 57
Currently we see an explosion of retailing outlets. 58
I guess that with the big retailers from the west
moving in 59
we will see a concentration process in the future 60
but that has not yet started. 61
Our research shows amazing figures of how many new
small retail outlets have opened during the last 2
years. 62

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STOLHUN

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Retrieval for this document: 5 units out of 266, = 1.9%

* STOLLWERCK HUNGARY, 20.6.1994, INDUSTRY:
CONFECTIONERY

* CHANGES IN RETAIL INFRA STRUCTURE: 59

----- TEXT UNITS 64-68:

and I hope that we will see international retailers
moving into this market 64
injecting cash into the ailing system 65
which will not survive unless foreign capital comes
in. 66
I see this as a great danger because the supply to
the consumers will break down at some point in the
future 67
if we don't see money going into the retailing system. 68

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UNLCZ

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Retrieval for this document: 2 units out of 285, = 0.70%

* UNILEVER CZECH REP., 7.6.1994, INDUSTRY: DETERGENTS

* CHANGES IN RETAIL INFRA STRUCTURE: 57

----- TEXT UNITS 58-59:

The number of retail outlets has grown enormously
after the revolution. 58
It is also a very diffuse scene as shops open and
close on a daily basis. 59

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UNLHUN

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Retrieval for this document: 3 units out of 175, = 1.7%

* UNILEVER HUNGARY, 9.7.1994, INDUSTRY: EDIBLE FATS

* CHANGES IN RETAIL INFRA STRUCTURE: 19

----- TEXT UNITS 23-25:

It is currently as in many western markets a
concentration process. 23
There is also a tendency towards discount outlets
although they have not yet reached a great share of
the market. 24
Discounters make currently about 2 to 3% of the
market, but wherever new shops are opened they are
discount outlets which is understandable considering
the average income. 25

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UNLPL

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Retrieval for this document: 3 units out of 268, = 1.1%

* UNILEVER POLAND, 13.5.1994, INDUSTRY: TOOTHPASTE

* CHANGES IN RETAIL INFRA STRUCTURE: 13

----- TEXT UNITS 14-16:

Retailing has changed a lot during recent years. 14
A lot of new shops have opened up 15
and consumers have now more choice than ever. 16

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Total number of text units retrieved = 74
Retrievals in 14 out of 19 documents, = 74%.
The documents with retrievals have a total of 4007 text
units,
so text units retrieved in these documents = 1.8%.

All documents have a total of 5487 text units,
so text units found in these documents = 1.3%.

(6) /Distribution

TEXT IN ALL DOCUMENTS:

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CCPL

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Retrieval for this document: 8 units out of 439, = 1.8%

* COCA COLA SYSTEMS POLAND, 10.5.1994, INDUSTRY: SOFT DRINKS

* CHANGES IN RETAIL INFRA STRUCTURE: 41

----- TEXT UNITS 43-43:

and because of our improved distribution we now deliver to more outlets than we ever did in the past. 43

* IMMEDIATE OBJECTIVES AFTER ENTRY 351

----- TEXT UNITS 352-356:

For any soft drinks business the distribution is a key success factor. 352
We had to gain control of distribution immediately to set up a efficient and effective distribution organisation. 353
354
First we needed to solve the problem of availability and now we are on the next stage to increase the acceptability. 355
356

* DISTRIBUTION 368

----- TEXT UNITS 369-370:

We own a large fleet of distribution vans particularly here in Warsaw 369
which is the main market anyway. 370

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COLPL

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Retrieval for this document: 10 units out of 453, = 2.2%

* COLGATE PALMOLIVE POLAND, 9.5.1994, INDUSTRY: TOOTHPASTE

* OBJECTIVES BEFORE COMPETITION 343

----- TEXT UNITS 358-359:

Now you see different tactics in building strong and efficient distribution systems. 358
Everybody has a different approach. 359

* DISTRIBUTION 361

----- TEXT UNITS 362-369:

Unilever have their own vans, 362
whereas P&G supports the wholesalers by paying for
their vans 363
Unilever has their own merchandisers driving around 364
making ex-car sales. 365
We have a contract with a van company 366
which delivers to the wholesalers. 367
Distribution still remains the key area to success. 368
Only with a good distribution you can be in this
market. 369

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DEHUN

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Retrieval for this document: 18 units out of 307, = 5.9%

* DOUWE-EGBERTS HUNGARY, 22.6.1994, INDUSTRY: COFFEE

*DISTRIBUTION 88

----- TEXT UNITS 91-99:

There is no retailer or wholesaler who can do without
our products. 91
You have to have our tea and our coffee 92
and with that we sell our other products like PCP and
household products. 93
We have a critical mass 94
which gives us a certain sales power. 95
We do not allow any of our partners to consciously or
unconsciously help our competitors 96
when we work our butts off to make their life better. 97
We are very experienced in shelf management
programmes internationally 98
which is an asset nobody else has. 99

----- TEXT UNITS 106-112:

It took us about 3 to 4 years to get our act together 106
so we now have to give distribution the same amount
of time. 107
The step to own distribution would be such a risk 108
because once they don't need you anymore they kick
you out 109
and that would be contradictory to all our experience
in other parts of the world. 110
So why should we go against that knowledge and try to
do things we are not good at. 111
Companies which now want to beat us in sales and
distribution have to intensify their investment in
every possible way to get a disproportionate share of
the market. 112

* TAKE OVERS OF LOCAL BRANDS 199

----- TEXT UNITS 209-210:

When we took over the company we had 1 person in
sales, no marketing and 10 customers, 209
since then this changed quite dramatically. 210

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HENHUN

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Retrieval for this document: 7 units out of 381, = 1.8%

* HENKEL HUNGARY, 22.6.1994, INDUSTRY: DETERGENTS

*DISTRIBUTION 62

----- TEXT UNITS 78-81:

If those retailers want something then they ask their
wholesaler 78
and then the wholesaler orders our product. 79
We cover about 5.000 retail outlets with our sales
force 80
and the remainder with mailings. 81

* MAIN MARKETING TOOLS 134

----- TEXT UNITS 141-143:

We don't do any retailer promotions 141
but we give rebates in form of free products or gifts. 142
Direct incentives work much better with the retailers
than the remote chance of a prize win. 143

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HENPL

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Retrieval for this document: 16 units out of 328, = 4.9%

* HENKEL COSMETICS POLAND, 11.5.1994, INDUSTRY: PCP

* CHANGES IN RETAIL INFRA STRUCTURE: 13

----- TEXT UNITS 19-22:

On the other hand if we start advertising a new
product we have people calling in when they can buy
it. 19
If you don't have a re-launch or extension every two
or three months retailers loose interest in your
product. 20
Advertising is a key factor 21
and only if we advertise the retailers will stock and
sell our product. 22

* PROBLEMS FOR THE BRAND AT ENTRY 54

----- TEXT UNITS 60-62:

Nevertheless consumers wanted the product 60
and it was not really a problem to sell the goods 61
but to get them into the retailing channel. 62

* MAIN MARKETING TOOLS 73

----- TEXT UNITS 79-79:

We use some retailer promotions but not to a high
degree. 79

* BLACK/GREY MARKETS 267

----- TEXT UNITS 268-275:

In our business these markets are quite important 268
because we find many products which have been
smuggled into Poland 269
which means they are sold at prices which are under
our wholesale price. 270
The problem with that is that we have no control over
the quality 271
and if, what happens quite frequently, 272
we find out of date stock on black markets it damages
our image and our brand. 273
Currently there is only little which can be done 274
but it affects all manufacturers not only us. 275

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JJCZ

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Retrieval for this document: 12 units out of 317, = 3.8%

* JOHNSON&JOHNSON CZECH REP., 8.6.1994, INDUSTRY: PCP

* CHANGES IN RETAIL INFRA STRUCTURE: 46

----- TEXT UNITS 62-65:

In order to gain distribution you need to demonstrate
that the brand is supported with advertising. 62
Other important factors in retail are trade
promotions, 63
sampling 64
and consumer promotion. 65

* PRICE DIFFERENCE TO LOCAL COMPETITORS 76

----- TEXT UNITS 77-78:

We are up to 5 times as expensive as a local brand. 77
This means we have to convince a lot of people across
the chain to sell or buy our products or even to give
it a shot. 78

* DIFFICULTY OF THE MARKET 118

----- TEXT UNITS 119-121:

The key to the difficulties to begin with is
distribution 119
we spent some money on advertising probably before we
should have, 120
in the states you would not advertise on TV before
you have a distribution level of 60% because you
would advertise to empty shelves, so what's the point. 121

* MAIN MARKETING TOOLS 127

----- TEXT UNITS 130-130:

Trade promotions are very very important. 130

* DISADVANTAGES OF BEING LATE 208

----- TEXT UNITS 213-214:

Once we demonstrated to the retailer that ours were
much more demanded by consumers we got our
distribution. 213
We really had to convince retailers to take us on 214

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KJSCZ

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Retrieval for this document: 8 units out of 203, = 3.9%

* KRAFT JACOBS SUCHARD CZECH REP., 8.6.1994,
INDUSTRY: CONFECTIONERY

*DISTRIBUTION 24

----- TEXT UNITS 28-35:

and it takes a long time to make these clear to
keepers and owners of small shops. 28
To overcome this we have a big merchandising team 29
who try to convince shop keepers to take our products 30
and they explain the profit margins and net
contribution to them 31
and they also maintain the shelves 32
and look after the products. 33
Having merchandisers to look after the shelves is a
very common approach in this market 34
and most western companies I know have them. 35

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KJSHUN

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Retrieval for this document: 2 units out of 164, = 1.2%

* KRAFT JACOBS SUCHARD HUNGARY, 17.6.1994, INDUSTRY:
/COFFEE CONFECTIONERY

*DISTRIBUTION 43

----- TEXT UNITS 49-50:

We now differentiate between display outlets which
are usually the smaller outlets and shelf outlets
which are the larger sort. 49

We have our own merchandisers who maintain the
shelves. 50

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NESCZ

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Retrieval for this document: 16 units out of 371, = 4.3%

* NESTLE CZECH REP., 6.6.1994, INDUSTRY: CONFECTIONERY

*DISTRIBUTION 53

----- TEXT UNITS 58-61:

Sales and distribution is currently more important
than marketing. 58
You see a lot of companies surviving who shouldn't 59
but those are the ones who are good in distribution, 60
they have probably taken over access to distribution
channels which go back for I don't know how long. 61

----- TEXT UNITS 66-72:

One bad example is Jacobs 66
which has been advertised very heavily in recent
weeks, 67
this was their second major re-launch and attempt to
gain a foothold in the market 68
and it failed again because their distribution is
terrible. 69
People have to look for the product in the shops 70
because most shops don't stock it. 71
You can't succeed if your product is not available. 72

* CHANGES IN RETAIL INFRA STRUCTURE: 74

----- TEXT UNITS 75-79:

The situation we have here is not that of western
markets. 75
Access to shelves is not gained by negotiation with a

number of key accounts 76
 but you have to convince retailers 77
 by doing advertising to put your products on the
 shelves. 78
 It is more important and more difficult to convince
 retailers than consumers. 79

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NESHUN

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Retrieval for this document: 9 units out of 221, = 4.1%

 * NESTLE HUNGARY, 23.6.1994, INDUSTRY:
 COFFEE/CONFECTIONERY

 *DISTRIBUTION 40

----- TEXT UNITS 41-49:

Distribution is a very difficult part in this market. 41
 We have solved the problem by commissioning it out to
 an international distribution company 42
 which is an expert in the area 43
 and deals with all our requirements. 44
 We maintain the shelves still ourselves. 45
 The set-up we currently have is rather satisfactory 46
 and we have fewer complaints than we had 3 years ago. 47
 Some of our competitors work with systems which are
 much worse s 48
 o this gives us a good position. 49

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PEPPL

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Retrieval for this document: 11 units out of 323, = 3.4%

 * PEPSI POLAND, 11.5.1994, INDUSTRY: SOFT DRINKS

 * DISTRIBUTION 256

----- TEXT UNITS 257-267:

Pepsi is not as centralised as Coke is 257
 we have a number of breweries who are franchisees of
 PepsiCo. 258
 Seeing the massive market share losses PepsiCo. set
 up a central office in Warsaw 259
 at enormous cost. 260
 PepsiCo. has taken over the Warsaw region with a 100%
 owned bottling plant 261
 and also owns new distribution trucks 262
 and with this sets an example for the franchisees in
 the country. 263
 In the Warsaw area Pepsi has a weighted distribution
 of 90% 264
 but with the cost of having too many trucks and being
 rather inefficient. 265

In Gdansk Pepsi has about 65% weighted distribution 266
but in eastern parts of Poland it may only be 30%. 267

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PGCZ

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Retrieval for this document: 4 units out of 264, = 1.5%

* PROCTER&GAMBLE CZECH REP., 8.6.1994, INDUSTRY:
DETERGENTS

*DISTRIBUTION 21

----- TEXT UNITS 22-25:

We have a wholesaler network we work with. 22

They distribute to local supermarkets and small mixed
goods outlets. 23

The distribution is more difficult in a market with
such a great number of outlets 24

and furthermore a lot of the clients are not paying
their bills. 25

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PGHUN

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Retrieval for this document: 10 units out of 258, = 3.9%

* PROCTER&GAMBLE HUNGARY, 16.6.1994, INDUSTRY:
DETERGENTS

*DISTRIBUTION 40

----- TEXT UNITS 41-50:

We sell to wholesalers, 41

but we also have a sales force which covers the most
important retailers. 42

The number of outlets means that it is very difficult
to deal with them. 43

We have started a van sales operation 44

which allows us to work even with smaller stores 45

and cover them reasonably good with our products. 46

Gaining distribution is not as difficult as
maintaining the distribution 47

because retailers are not very loyal 48

and if you have fierce competition you may loose some
of your distribution pretty quickly 49

if you don't guard what you have achieved. 50

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STOLHUN

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Retrieval for this document: 6 units out of 266, = 2.3%

* STOLLWERCK HUNGARY, 20.6.1994, INDUSTRY:

CONFECTIONERY

*DISTRIBUTION 51

----- TEXT UNITS 52-57:

It is a key success factor that you build a
distribution system which ensures the availability of
the product on a broad base. 52
Distribution is not easy in this market because there
are many very small outlets and you have some opening
and others closing every day. 53
It is a problem to build and maintain an effective
distribution network. 54
We now have a national distribution which is with our
key products between 80 - 90%. 55
We now have a weighted distribution which is equal to
our competitors 56
which was not the case until a couple of months ago. 57

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UNLCZ

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Retrieval for this document: 8 units out of 285, = 2.8%

* UNILEVER CZECH REP., 7.6.1994, INDUSTRY: DETERGENTS

*DISTRIBUTION 47

----- TEXT UNITS 48-55:

Mainly to wholesalers 48
or big retail chains. 49
Wholesalers distribute to smaller and medium sized
retail outlets. 50
We have to visit about 4000 outlets with our
merchandising team. 51
Our data shows very well that the better the
distribution in an area the better the market shares
in those areas. 52
We have minimum orders to avoid dealing with too many
retailers. 53
It is not difficult to get access to distribution. 54
We had no disadvantage in this area because of coming
in late. 55

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UNLHUN

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Retrieval for this document: 7 units out of 175, = 4.0%

* UNILEVER HUNGARY, 9.7.1994, INDUSTRY: EDIBLE FATS

* DISTRIBUTION 123

----- TEXT UNITS 124-130:

The atomistic structure of the local retail sector I would not see as a problem. This structure means that the retailers are not as powerful as in western markets. 124

The only problem which I can see is logistics but once you have that in place the current structure is only beneficial to us. 125

It is much easier to gain initial distribution for new products in Hungary than it is in Germany. 126

It is no problem to reach 70% distribution after 2 months. 127

The relation between the retail sector and us is completely different here compared to western Europe. In western Europe we have very strong retailers who have a lot of influence and power. They prevent a fast and efficient introduction of new products because you have to pay listing fees and to negotiate very long and hard. Furthermore the sheer number a retailer sells in Germany for example is much much bigger than here in Hungary, it is therefore much more difficult to get into the market in Germany than it is here. 128

Here in Hungary fewer products exist and the retailers are not powerful. 129

Logistics is no problem for us anymore and if I see Nielsen or GfK data it is quite normal to have a 100% coverage in distribution. 130

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UNLPL

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Retrieval for this document: 12 units out of 268, = 4.5%

 * UNILEVER POLAND, 13.5.1994, INDUSTRY: TOOTHPASTE

 * CHANGES IN RETAIL INFRA STRUCTURE: 13

----- TEXT UNITS 23-25:

It is relatively easy to gain access to the retailers because of this. 23

We came slightly later than others 24

and still achieved a good distribution quite quickly. 25

 * DISTRIBUTION 199

----- TEXT UNITS 200-206:

We use our own distribution team with their own vans. 200

Our drivers call at retail shops check displays and shelf presentation 201

and if necessary sell products. 202

We also use the wholesalers 203

but we feel that it is better if we check displays and shelves through our own merchandiser 204

in order to avoid out of stock and messy displays. 205

Our competitors who don't have merchandiser teams

have out of stock figures which are much higher. 206

* DID YOU MAKE IT DIFFICULT FOR YOUR COMPETITORS 208

----- TEXT UNITS 209-210:

I think we had an advantage in distribution for some
time 209
but now the others are almost as good in this area as
we are. 210

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Total number of text units retrieved = 164
Retrievals in 17 out of 19 documents, = 89%.
The documents with retrievals have a total of 5023 text
units,
so text units retrieved in these documents = 3.3%.
All documents have a total of 5487 text units,
so text units found in these documents = 3.0%.

(6 1) /Distribution/Ret. Sophistication

TEXT IN ALL DOCUMENTS:

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COLPL

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Retrieval for this document: 8 units out of 453, = 1.8%

* COLGATE PALMOLIVE POLAND, 9.5.1994, INDUSTRY:
TOOTHPASTE

* CHANGES IN RETAIL INFRA STRUCTURE: 24

----- TEXT UNITS 40-45:

Retailing is not very sophisticated here 40
retailers do not know what shelf optimisation is. 41
They are not aware of contribution measures. 42
They are not loyal and back handers ensure easy
access to shelf space. 43
This is a market with the highest out of stock
figures in the world. 44
45

* WHAT ARE THE ADVANTAGES OF BEING FIRST? 229

----- TEXT UNITS 240-241:

As long as retailers have no idea to measure shelf
value everybody struggles to remain on a shelf 240
in a market in which daily new products are launched
and everybody wants the latest this is difficult. 241

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DEHUN

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Retrieval for this document: 1 unit out of 307, = 0.33%

* DOUWE-EGBERTS HUNGARY, 22.6.1994, INDUSTRY: COFFEE

* CHANGES IN RETAIL INFRA STRUCTURE: 114

----- TEXT UNITS 115-115:

I don't think that anybody in the distribution
channels has their act together. 115

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HENHUN

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Retrieval for this document: 19 units out of 381, = 5.0%

* HENKEL HUNGARY, 22.6.1994, INDUSTRY: DETERGENTS

*DISTRIBUTION 62

----- TEXT UNITS 69-73:

We work quite a lot with retailers 69
because the flow of anything from wholesale down to
retail doesn't work too well. 70
Wholesalers have no sales people 71
and they only take the orders of the retailers 72
which means we have to create a retailer pull before
we can sell to the wholesaler. 73

----- TEXT UNITS 77-77:

The interesting thing is you have to treat them
almost like private customers in order to get them to
buy your products for their shops. 77

* CHANGES IN RETAIL INFRA STRUCTURE: 83

----- TEXT UNITS 84-96:

Retailers do what promises the highest profits. 84
If a new product is launched and it seems to be well
received by consumers, 85
retailers will stock it 86
regardless of agreements with other suppliers. 87
The retailing trade acts to the profit concept in an
intuitive sort of way. 88
You will not find sophisticated systems to calculate
margins and profits 89
but they know what is selling well 90
and what the margin is on a single product 91
so they do quite well. 92
Retailers have a feeling for what they can sell 93
and at what price 94
but it is not a situation in which you can argue with
marginal net contributions, 95
but it is developing all the time. 96

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HENPL

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Retrieval for this document: 10 units out of 328, = 3.0%

* HENKEL COSMETICS POLAND, 11.5.1994, INDUSTRY: PCP

* CHANGES IN RETAIL INFRA STRUCTURE: 13

----- TEXT UNITS 16-20:

The retail trade is fixated on new product launches
and advertising. 16
Many cosmetic shops only stock products which are
advertised on TV 17
and if the advertising stops they will not reorder
even if it sold well. 18

On the other hand if we start advertising a new product we have people calling in when they can buy it. 19

If you don't have a re-launch or extension every two or three months retailers loose interest in your product. 20

----- TEXT UNITS 23-24:

You find only very few wholesalers and retailers who operate rational according to a western profit concept. 23

Many have very irrational ways of decision making, 24

----- TEXT UNITS 27-29:

Retailing also has typically cash flow problems 27
so if cash is needed you see them selling at dumping prices 28

and you can't explain to them that they have to re-stock for more money at some point in the future. 29

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JJCZ

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Retrieval for this document: 7 units out of 317, = 2.2%

* JOHNSON&JOHNSON CZECH REP., 8.6.1994, INDUSTRY: PCP

*DISTRIBUTION 35

----- TEXT UNITS 38-44:

The understanding of business rules within most small stores is very little. 38

All the stores are either new start ups or newly privatised. 39

They have sold tyres last year and this year they have a shot at cosmetics. 40

They have very little knowledge of a profit concept 41
or an idea of margins on one product versus another. 42

They are just not used to thinking in profit terms 43
and that makes it a constant battle. 44

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KJSHUN

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Retrieval for this document: 3 units out of 164, = 1.8%

* KRAFT JACOBS SUCHARD HUNGARY, 17.6.1994, INDUSTRY:
/COFFEE CONFECTIONERY

*DISTRIBUTION 43

----- TEXT UNITS 51-53:

The concept of 'hard selling' is new to Hungarian

retailers and wholesalers 51
 and they do not operate to profit concepts. 52
 the concept they have is that the end of the month
 coincides with the end of their money, that is not
 only the retailers but the consumers alike. 53

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PEPPL

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Retrieval for this document: 3 units out of 323, = 0.93%

 * PEPSI POLAND, 11.5.1994, INDUSTRY: SOFT DRINKS

 * CHANGES IN RETAIL INFRA STRUCTURE: 84

----- TEXT UNITS 92-94:

The level of business knowledge of the average
 shopkeeper is abominable 92
 and they are not operating according to the principle
 how can I make more money 93
 but how can I save myself some work. 94

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PGHUN

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Retrieval for this document: 2 units out of 258, = 0.78%

 * PROCTER&GAMBLE HUNGARY, 16.6.1994, INDUSTRY:
 DETERGENTS

 * CHANGES IN RETAIL INFRA STRUCTURE: 53

----- TEXT UNITS 63-64:

Retailers have not yet grasped a western style profit
 concept 63
 and it will take some time before they adopt western
 style methods. 64

+++++

STOLHUN

+++++

Retrieval for this document: 3 units out of 266, = 1.1%

 * STOLLWERCK HUNGARY, 20.6.1994, INDUSTRY:
 CONFECTIONERY

 * CHANGES IN RETAIL INFRA STRUCTURE: 59

----- TEXT UNITS 60-62:

A problem in retailing is the very weak cash flow
 base 60
 which means that if a retailer has no money he

doesn't buy what is not essential which means he
doesn't buy our chocolate. The only reason being that
he couldn't pay the wholesaler 61
and the wholesaler wouldn't deliver unless he paid. 62

++++
UNLHUN
++++
Retrieval for this document: 1 unit out of 175, = 0.57%

* UNILEVER HUNGARY, 9.7.1994, INDUSTRY: EDIBLE FATS

* DISTRIBUTION 123

----- TEXT UNITS 133-133:

Retailers here are not necessarily profit lead in
their decisions. They do not have a profit
maximisation objective and often don't even know the
basic profitability indicators. The western
retailers who open shops here obviously work
according to these objectives but local traders do
not. 133

++++
UNLPL
++++
Retrieval for this document: 3 units out of 268, = 1.1%

* UNILEVER POLAND, 13.5.1994, INDUSTRY: TOOTHPASTE

* CHANGES IN RETAIL INFRA STRUCTURE: 13

----- TEXT UNITS 20-22:

A problem with the retailing trade is the fact that
they do not operate with profits as their clear
objective. 20
It is easy with presents 21
but difficult with arguments. 22

++++
Total number of text units retrieved = 60
Retrievals in 11 out of 19 documents, = 58%.
The documents with retrievals have a total of 3240 text
units,
so text units retrieved in these documents = 1.9%.
All documents have a total of 5487 text units,
so text units found in these documents = 1.1%.

(6 2) /Distribution/Ret. Education

TEXT IN ALL DOCUMENTS:

+++++

DEHUN

+++++

Retrieval for this document: 2 units out of 307, = 0.65%

* DOUWE-EGBERTS HUNGARY, 22.6.1994, INDUSTRY: COFFEE

*DISTRIBUTION 88

----- TEXT UNITS 89-90:

The key word here is education. 89

We try to educate the trade more than any of our competitors. 90

+++++

KJSCZ

+++++

Retrieval for this document: 6 units out of 203, = 3.0%

* KRAFT JACOBS SUCHARD CZECH REP., 8.6.1994,
INDUSTRY: CONFECTIONERY

*DISTRIBUTION 24

----- TEXT UNITS 27-32:

Knowledge of business principles is very low in retailing 27
and it takes a long time to make these clear to keepers and owners of small shops. 28
To overcome this we have a big merchandising team 29
who try to convince shop keepers to take our products 30
and they explain the profit margins and net contribution to them 31
and they also maintain the shelves 32

+++++

UNLHUN

+++++

Retrieval for this document: 1 unit out of 175, = 0.57%

* UNILEVER HUNGARY, 9.7.1994, INDUSTRY: EDIBLE FATS

* DISTRIBUTION 123

----- TEXT UNITS 134-134:

The retailer and the manufacturer maintain very good relations. And it is very important that our salespeople pass on their knowledge and their

experience to educate and train retailers. We often invite retailers to training sessions or give away videos which explain the better use of the shelf space and last but not least little presents. 134

++++
Total number of text units retrieved = 9
Retrievals in 3 out of 19 documents, = 16%.
The documents with retrievals have a total of 685 text units,
so text units retrieved in these documents = 1.3%.
All documents have a total of 5487 text units,
so text units found in these documents = 0.16%.

(6 3) /Distribution/Focus of Dist.

TEXT IN ALL DOCUMENTS:

+++++
bdfcz
+++++
Retrieval for this document: 6 units out of 241, = 2.5%

* BEIERSDORF BDF CZECH REP., 7.6.1994, INDUSTRY: PCP

*DISTRIBUTION 27

----- TEXT UNITS 32-37:

We sell to wholesalers 32
who then sell on to retailers. 33
Our aim is to cover the whole country 34
but obviously we have a better distribution in Prague 35
and the western areas as compared to the eastern
parts of the country. 36
37

+++++
COLPL
+++++
Retrieval for this document: 15 units out of 453, = 3.3%

* COLGATE PALMOLIVE POLAND, 9.5.1994, INDUSTRY:
TOOTHPASTE

* CHANGES IN RETAIL INFRA STRUCTURE: 24

----- TEXT UNITS 27-37:

While now we are more focused on wholesalers than on
retailers. 27
The number of retail outlets in general has expanded 28
and the number of outlets which are selling our
products has also. 29
There are more different types of retail outlets
selling our products. 30
But our business partners with whom we do business
has completely changed. 31
Most important for us are cosmetic shops 32
and then kiosks take a relatively high percentage, 33
followed by chemists which are more important for
household cleaners than for personal care products.
Of course you have food stores which are becoming
more important 34
and supermarkets play hardly any role. 35
Finally there are bazaars which are the open air
markets across the city. 36
A lot has changed in wholesale distribution since
1992. 37

----- TEXT UNITS 137-140:

and grey markets which are the grand bazaars. 137
These are important for us in some areas 138
because a large percentage of the volume in these
areas are is turned over in the bazaars. 139
But they are not really our primarily focus. 140

+++++
HENHUN
+++++
Retrieval for this document: 7 units out of 381, = 1.8%

* HENKEL HUNGARY, 22.6.1994, INDUSTRY: DETERGENTS

*DISTRIBUTION 62

----- TEXT UNITS 67-73:

We installed a system were we mainly work with
wholesalers 67
but also have sales men travelling the country. 68
We work quite a lot with retailers 69
because the flow of anything from wholesale down to
retail doesn't work too well. 70
Wholesalers have no sales people 71
and they only take the orders of the retailers 72
which means we have to create a retailer pull before
we can sell to the wholesaler. 73

+++++
HENPL
+++++
Retrieval for this document: 6 units out of 328, = 1.8%

* HENKEL COSMETICS POLAND, 11.5.1994, INDUSTRY: PCP

* DISTRIBUTION 277

----- TEXT UNITS 278-283:

We have to deal only with wholesalers 278
who then supply individual retailers. 279
This means we have only little control or say where
our products end up. 280
We mainly sell through cosmetic shops and pharmacies 281
although this is different for detergents and
cleaners. 282
We aim to be present at as many outlets as possible
with our general products like soap and shampoo. 283

+++++
JJCZ
+++++
Retrieval for this document: 2 units out of 317, = 0.63%

* JOHNSON&JOHNSON CZECH REP., 8.6.1994, INDUSTRY: PCP

*DISTRIBUTION 35

----- TEXT UNITS 36-37:

We mainly sell through drugstores 36
not so much through pharmacies. 37

+++++

KJSCZ

+++++

Retrieval for this document: 2 units out of 203, = 0.99%

* KRAFT JACOBS SUCHARD CZECH REP., 8.6.1994,
INDUSTRY: CONFECTIONERY

*DISTRIBUTION 24

----- TEXT UNITS 25-26:

We sell to wholesalers 25
and they sell to all the small retailers. 26

+++++

NESCZ

+++++

Retrieval for this document: 4 units out of 371, = 1.1%

* NESTLE CZECH REP., 6.6.1994, INDUSTRY: CONFECTIONERY

*DISTRIBUTION 53

----- TEXT UNITS 62-65:

None of the big companies wants to be in the
wholesale business 62
and at the same time they don't have enough volume to
deliver to individual retailing outlets 63
to justify a direct distribution 64
which means that you need a wholesaling function as
an intermediate. 65

+++++

PEPPL

+++++

Retrieval for this document: 7 units out of 323, = 2.2%

* PEPSI POLAND, 11.5.1994, INDUSTRY: SOFT DRINKS

* CHANGES IN RETAIL INFRA STRUCTURE: 84

----- TEXT UNITS 85-91:

In recent months we have sold 65% of our product to
 out of area wholesalers, 85
 35% were sold locally from our vans. 86
 Of the 35%, 3% went to restaurants, 35% to local
 retailers and the rest to local wholesalers. 87
 Pepsi policy is to discourage out of area sales 88
 which makes the life of those who have a lot out of
 area sales very difficult. 89
 Our customer profile is changing 90
 from wholesalers to local retailers. 91

+++++
 UNLCZ

+++++
 Retrieval for this document: 2 units out of 285, = 0.70%

 * UNILEVER CZECH REP., 7.6.1994, INDUSTRY: DETERGENTS

 *DISTRIBUTION 47

----- TEXT UNITS 48-49:

Mainly to wholesalers 48
 or big retail chains. 49

+++++
 UNLPL

+++++
 Retrieval for this document: 2 units out of 268, = 0.75%

 * UNILEVER POLAND, 13.5.1994, INDUSTRY: TOOTHPASTE

 * CHANGES IN RETAIL INFRA STRUCTURE: 13

----- TEXT UNITS 17-18:

We sell mainly through chemists and cosmetic shops 17
 and a Polish institution the kiosks. 18

+++++
 Total number of text units retrieved = 53

Retrievals in 10 out of 19 documents, = 53%.
 The documents with retrievals have a total of 3170 text
 units,
 so text units retrieved in these documents = 1.7%.
 All documents have a total of 5487 text units,
 so text units found in these documents = 0.97%.

TEXT IN ALL DOCUMENTS:

+++++

JJCZ

++++

Retrieval for this document: 13 units out of 317, = 4.1%

* JOHNSON&JOHNSON CZECH REP., 8.6.1994, INDUSTRY: PCP

* CHANGES IN RETAIL INFRA STRUCTURE: 46

----- TEXT UNITS 53-61:

Now after 2 years we are still struggling with
distribution, 53
mainly because the number of retail outlets has
increased rather than decreased. 54
At the same time the turnover per client has
decreased 55
which means we have more smaller customers today than
we had 2 years ago. 56
This is very frustrating from a logistics point of
view. 57
Because they are all independently owned 58
we all have to approach them separately and introduce
new products to every mom and pop store across the
country. 59
Each of them then decides individually to take it or
not, 60
each of them is a decision maker. 61

* DIFFICULTY OF THE MARKET 118

----- TEXT UNITS 122-125:

Here we advertise significantly earlier, 122
mainly because we advertise to the shopkeepers to
carry our products. 123
A very expensive way to gain distribution, 124
but unfortunately we have no choices. 125

+++++

KJSHUN

+++++

Retrieval for this document: 3 units out of 164, = 1.8%

* KRAFT JACOBS SUCHARD HUNGARY, 17.6.1994, INDUSTRY:
/COFFEE CONFECTIONERY

*DISTRIBUTION 43

----- TEXT UNITS 45-47:

The very rigid structure in the distribution channel

is also a problem in the way that wholesale margins
 are dictated and therefore you can only influence
 very little in price 45
 and it is even less of that what gets through to the
 retailers and finally to the consumers. 46
 When we came into the market we had to squeeze Douwe
 Egberts shelves or bring in extra shelves, 47

+++++

NESHUN

+++++

Retrieval for this document: 5 units out of 221, = 2.3%

 * NESTLE HUNGARY, 23.6.1994, INDUSTRY:
 COFFEE/CONFECTIONERY

 * CHANGES IN RETAIL INFRA STRUCTURE: 51

----- TEXT UNITS 55-59:

The infra structure to cope with that is not there. 55
 The roads are too small, 56
 there are not enough trucks, 57
 there are not enough warehouses 58
 and there is no logistics knowledge. 59

+++++

PGHUN

+++++

Retrieval for this document: 1 unit out of 258, = 0.39%

 * PROCTER&GAMBLE HUNGARY, 16.6.1994, INDUSTRY:
 DETERGENTS

 * PROBLEMS AT INTRODUCTION 99

----- TEXT UNITS 102-102:

Distribution was a big challenge but not a problem. 102

+++++

UNLHUN

+++++

Retrieval for this document: 1 unit out of 175, = 0.57%

 * UNILEVER HUNGARY, 9.7.1994, INDUSTRY: EDIBLE FATS

 * DISTRIBUTION 123

----- TEXT UNITS 131-131:

A problem in distribution which continues to exist is
 out of stock. This is a problem which is rooted in
 the financial difficulties of individual retailers
 and not so much with our logistics. 131

+++++

Total number of text units retrieved = 23
Retrievals in 5 out of 19 documents, = 26%.
The documents with retrievals have a total of 1135 text
units,
so text units retrieved in these documents = 2.0%.
All documents have a total of 5487 text units,
so text units found in these documents = 0.42%.

(6 4 1) /Distribution/Problems/Number of Outlets

TEXT IN ALL DOCUMENTS:

+++++

bdfcz

+++++

Retrieval for this document: 3 units out of 241, = 1.2%

* BEIERSDORF BDF CZECH REP., 7.6.1994, INDUSTRY: PCP

* CHANGES IN RETAIL INFRA STRUCTURE: 38

----- TEXT UNITS 39-41:

The new liberalisation of business has produced an
ever greater number of stores 39
which on average get smaller all the time 40
which makes distribution increasingly difficult. 41

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CCPL

+++++

Retrieval for this document: 5 units out of 439, = 1.1%

* COCA COLA SYSTEMS POLAND, 10.5.1994, INDUSTRY: SOFT DRINKS

* CHANGES IN RETAIL INFRA STRUCTURE: 41

----- TEXT UNITS 43-47:

and because of our improved distribution we now
deliver to more outlets than we ever did in the past. 43
A lot of mom&pop stores have opened 44
and almost every comer has some sort of retail
outlet 45
and we have to try to be present in as many as
possible 46
and economically viable. 47

+++++

DEHUN

+++++

Retrieval for this document: 1 unit out of 307, = 0.33%

* DOUWE-EGBERTS HUNGARY, 22.6.1994, INDUSTRY: COFFEE

* CHANGES IN RETAIL INFRA STRUCTURE: 114

----- TEXT UNITS 120-120:

The number of new outlets which have emerged during
the last 2 years is beyond imagination. 120

+++++

HENHUN

+++++

Retrieval for this document: 6 units out of 381, = 1.6%

* HENKEL HUNGARY, 22.6.1994, INDUSTRY: DETERGENTS

*DISTRIBUTION 62

----- TEXT UNITS 64-66:

Retailing is almost atomistic in this country. 64
You need good contacts to many customers 65
and you don't just work 3 or 4 key accounts. 66

----- TEXT UNITS 74-76:

In Hungary you find about 20.000 retail outlets 74
and we can only work with the tip of that iceberg, 75
most of them are small private enterprises. 76

+++++

JJCZ

+++++

Retrieval for this document: 2 units out of 317, = 0.63%

* JOHNSON&JOHNSON CZECH REP., 8.6.1994, INDUSTRY: PCP

* CHANGES IN RETAIL INFRA STRUCTURE: 46

----- TEXT UNITS 53-54:

Now after 2 years we are still struggling with
distribution, 53
mainly because the number of retail outlets has
increased rather than decreased. 54

+++++

KJSHUN

+++++

Retrieval for this document: 1 unit out of 164, = 0.61%

* KRAFT JACOBS SUCHARD HUNGARY, 17.6.1994, INDUSTRY:
/COFFEE CONFECTIONERY

*DISTRIBUTION 43

----- TEXT UNITS 44-44:

The sheer number of outlets is the main problem in
distribution. 44

+++++

PGCZ

+++++

Retrieval for this document: 1 unit out of 264, = 0.38%

* PROCTER&GAMBLE CZECH REP., 8.6.1994, INDUSTRY:
DETERGENTS

*DISTRIBUTION 21

----- TEXT UNITS 24-24:

The distribution is more difficult in a market with
such a great number of outlets 24

+++++

PGHUN

+++++

Retrieval for this document: 8 units out of 258, = 3.1%

* PROCTER&GAMBLE HUNGARY, 16.6.1994, INDUSTRY:
DETERGENTS

*DISTRIBUTION 40

----- TEXT UNITS 43-46:

The number of outlets means that it is very difficult
to deal with them. 43
We have started a van sales operation 44
which allows us to work even with smaller stores 45
and cover them reasonably good with our products. 46

* CHANGES IN RETAIL INFRA STRUCTURE: 53

----- TEXT UNITS 58-61:

Currently we see an explosion of retailing outlets. 58
I guess that with the big retailers from the west
moving in 59
we will see a concentration process in the future 60
but that has not yet started. 61

+++++

STOLHUN

+++++

Retrieval for this document: 1 unit out of 266, = 0.38%

* STOLLWERCK HUNGARY, 20.6.1994, INDUSTRY:
CONFECTIONERY

*DISTRIBUTION 51

----- TEXT UNITS 53-53:

Distribution is not easy in this market because there
are many very small outlets and you have some opening

and others closing every day. 53

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UNLCZ

+++++

Retrieval for this document: 1 unit out of 285, = 0.35%

* UNILEVER CZECH REP., 7.6.1994, INDUSTRY: DETERGENTS

*DISTRIBUTION 47

----- TEXT UNITS 51-51:

We have to visit about 4000 outlets with our merchandising team. 51

+++++

Total number of text units retrieved = 29

Retrievals in 10 out of 19 documents, = 53%.

The documents with retrievals have a total of 2922 text units,

so text units retrieved in these documents = 0.99%.

All documents have a total of 5487 text units,

so text units found in these documents = 0.53%.

(6 4 2) /Distribution/Problems/Bad Debts

TEXT IN ALL DOCUMENTS:

+++++

bdfcz

+++++

Retrieval for this document: 6 units out of 241, = 2.5%

* BEIERSDORF BDF CZECH REP., 7.6.1994, INDUSTRY: PCP

* CHANGES IN RETAIL INFRA STRUCTURE: 38

----- TEXT UNITS 42-47:

Another phenomenon is that the capital of the shops
is also decreasing on average 42
which makes bad debts quite a serious problem. 43
It becomes a problem for us if the wholesaler is
affected through this 44
and starts to pay late or stops paying us. 45
This happens more often now than it used to happen. 46
We now have customers who only get products when they
pay cash on delivery. 47

+++++

HENPL

+++++

Retrieval for this document: 3 units out of 328, = 0.91%

* HENKEL COSMETICS POLAND, 11.5.1994, INDUSTRY: PCP

* CHANGES IN RETAIL INFRA STRUCTURE: 13

----- TEXT UNITS 27-29:

Retailing also has typically cash flow problems 27
so if cash is needed you see them selling at dumping
prices 28
and you can't explain to them that they have to
re-stock for more money at some point in the future. 29

+++++

PGCZ

+++++

Retrieval for this document: 1 unit out of 264, = 0.38%

* PROCTER&GAMBLE CZECH REP., 8.6.1994, INDUSTRY:
DETERGENTS

*DISTRIBUTION 21

----- TEXT UNITS 25-25:

and furthermore a lot of the clients are not paying

their bills.

25

+++++

STOLHUN

+++++

Retrieval for this document: 3 units out of 266, = 1.1%

* STOLLWERCK HUNGARY, 20.6.1994, INDUSTRY:
CONFECTIONERY

* CHANGES IN RETAIL INFRA STRUCTURE: 59

----- TEXT UNITS 60-62:

A problem in retailing is the very weak cash flow
base 60
which means that if a retailer has no money he
doesn't buy what is not essential which means he
doesn't buy our chocolate. The only reason being that
he couldn't pay the wholesaler 61
and the wholesaler wouldn't deliver unless he paid. 62

+++++

UNLHUN

+++++

Retrieval for this document: 1 unit out of 175, = 0.57%

* UNILEVER HUNGARY, 9.7.1994, INDUSTRY: EDIBLE FATS

* DISTRIBUTION 123

----- TEXT UNITS 132-132:

Usually you can say that the smaller the retail
outlet is the bigger the financial problems are. 132

+++++

Total number of text units retrieved = 14
Retrievals in 5 out of 19 documents, = 26%.
The documents with retrievals have a total of 1274 text
units,
so text units retrieved in these documents = 1.1%.
All documents have a total of 5487 text units,
so text units found in these documents = 0.26%.

(6 4 3) /Distribution/Problems/Other

TEXT IN ALL DOCUMENTS:
(This node indexes no documents.)

(7) /Directions of Dev.

TEXT IN ALL DOCUMENTS:
(This node indexes no documents.)

TEXT IN ALL DOCUMENTS:

+++++

bdfcz

+++++

Retrieval for this document: 4 units out of 241, = 1.7%

* BEIERSDORF BDF CZECH REP., 7.6.1994, INDUSTRY: PCP

*DISTRIBUTION 27

----- TEXT UNITS 34-37:

Our aim is to cover the whole country 34
but obviously we have a better distribution in Prague 35
and the western areas as compared to the eastern
parts of the country. 36
37

+++++

CCPL

+++++

Retrieval for this document: 2 units out of 439, = 0.46%

* COCA COLA SYSTEMS POLAND, 10.5.1994, INDUSTRY: SOFT DRINKS

* DISTRIBUTION 368

----- TEXT UNITS 369-370:

We own a large fleet of distribution vans
particularly here in Warsaw 369
which is the main market anyway. 370

+++++

DEHUN

+++++

Retrieval for this document: 2 units out of 307, = 0.65%

* DOUWE-EGBERTS HUNGARY, 22.6.1994, INDUSTRY: COFFEE

* CONTROL OF SCARCE ASSETS 194

----- TEXT UNITS 195-196:

We control sales and distribution in Budapest 195
and in the country side people have no money for
expensive coffee 196

+++++

JJCZ

+++++

Retrieval for this document: 2 units out of 317, = 0.63%

* JOHNSON&JOHNSON CZECH REP., 8.6.1994, INDUSTRY: PCP

* WESTERN BRAND WHICH FAILED 87

----- TEXT UNITS 106-107:

Their distribution is minimal even in Prague 106
and non existent in the country 107

+++++

Total number of text units retrieved = 10
Retrievals in 4 out of 19 documents, = 21%.
The documents with retrievals have a total of 1304 text
units,
so text units retrieved in these documents = 0.77%.
All documents have a total of 5487 text units,
so text units found in these documents = 0.18%.

(7 2) /Directions of Dev./Young lead Old

TEXT IN ALL DOCUMENTS:

+++++

CCPL

++++

Retrieval for this document: 2 units out of 439, = 0.46%

* COCA COLA SYSTEMS POLAND, 10.5.1994, INDUSTRY: SOFT DRINKS

* CHANGES IN RETAIL INFRA STRUCTURE: 41

----- TEXT UNITS 63-64:

This changes now slowly 63
and the younger generations pull the older
generations along. 64

+++++

JJCZ

++++

Retrieval for this document: 1 unit out of 317, = 0.32%

* JOHNSON&JOHNSON CZECH REP., 8.6.1994, INDUSTRY: PCP

*HOW DO YOU EDUCATE CONSUMERS 220

----- TEXT UNITS 225-225:

For us now the 12 year olds are the consumers of the
future. 225

+++++

UNLHUN

+++++

Retrieval for this document: 5 units out of 175, = 2.9%

* UNILEVER HUNGARY, 9.7.1994, INDUSTRY: EDIBLE FATS

* HOW IMPORTANT ARE WESTERN BRAND NAMES IN HUNGARY 141

----- TEXT UNITS 143-144:

In the younger target groups western brands are very
important and the identification with western
standards of living are very important criteria. 143
Older consumers as in 45+ the brand is less important
and the trust more in their old and proven brands,
they however appreciate when these brands are revived
and modernised. Particularly when they improve in
quality and price/quality relation. 144

* BRAND LOYALTY

153

----- TEXT UNITS 156-157:

Consumers are not not loyal. I would say that younger consumers are less likely to be loyal whereas older consumers are more likely to stick to old routines and brands they know. It is much more difficult to persuade older consumers to change their habits than younger consumers. 156

There is not so much a brand loyalty but a loyalty to old habits amongst the older generations. The only way to change that is through continuous advertising. 157

* CHANGES IN ATTITUDES TOWARDS WESTERN BRANDS

161

----- TEXT UNITS 162-162:

There is a problem of generations being in conflict with each other here in Hungary. You have the older generation which is mainly employed in old state owned companies who are paying very little. They often can not afford western brands. The younger generation is able to get much better jobs which are better paid and with their western outlook and orientation they are buying western brands. This has produced a considerable gap between the two and this is widening which may well lead to conflicts in the future. This is a point which has to be taken into account in the marketing not only in Hungary but in Central and Eastern Europe in general. 162

+++++

Total number of text units retrieved = 8
Retrievals in 3 out of 19 documents, = 16%.
The documents with retrievals have a total of 931 text units,
so text units retrieved in these documents = 0.86%.
All documents have a total of 5487 text units,
so text units found in these documents = 0.15%.

(8) /Adaptation

TEXT IN ALL DOCUMENTS:

+++++

BDFCZ

+++++

Retrieval for this document: 4 units out of 241, = 1.7%

* BEIERSDORF BDF CZECH REP., 7.6.1994, INDUSTRY: PCP

*LOCAL MANUFACTURING 142

----- TEXT UNITS 143-146:

Our previous licensee is now still manufacturing
Nivea cream for us here in Czech, 143
but he now is only a supplier 144
and he had to adapt to a new formula and the
production process 145
as well as giving up all rights of our brand. 146

+++++

COLPL

+++++

Retrieval for this document: 3 units out of 453, = 0.66%

* COLGATE PALMOLIVE POLAND, 9.5.1994, INDUSTRY:
TOOTHPASTE

* FREERIDER EFFECTS 298

----- TEXT UNITS 304-306:

For us every country is handled separately 304
and everybody is alone in his/her struggle 305
rather than having a big bible in which you can read
what to do. 306

+++++

DEHUN

+++++

Retrieval for this document: 10 units out of 307, = 3.3%

* DOUWE-EGBERTS HUNGARY, 22.6.1994, INDUSTRY: COFFEE

* FREE RIDER EFFECTS 212

----- TEXT UNITS 213-222:

I don't think they benefited from our experience, 213
we are up against a mainly German culture in our
competition 214
and Germans should not do marketing. 215
They think what is good for Germans is good for

everybody around the world. 216
 They think you can conquer the world with German
 concepts. 217
 Their taste palette is German, 218
 their advertising is German, 219
 their attitude is German, 220
 their sales approach is German, 221
 their organisational structure is German. 222

+++++

HENHUN

+++++

Retrieval for this document: 2 units out of 381, = 0.52%

 * HENKEL HUNGARY, 22.6.1994, INDUSTRY: DETERGENTS

 * PRODUCT DIFFERENCE TO LOCAL COMPETITORS 98

----- TEXT UNITS 99-100:

Our policy is to invest in quality 99
 and deliver the same quality standard as in any
 western market. 100

+++++

HENPL

+++++

Retrieval for this document: 2 units out of 328, = 0.61%

 * HENKEL COSMETICS POLAND, 11.5.1994, INDUSTRY: PCP

 * PRODUCT 83

----- TEXT UNITS 87-88:

and therefore has the quality level as in the country
 it came from. 87
 Only in areas where legal restrictions require a
 change in formulation we have differences to our
 products in other markets. 88

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JJPL

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Retrieval for this document: 3 units out of 223, = 1.3%

 * JOHNSON&JOHNSON POLAND, 8.6.1994, INDUSTRY: PCP

 * ADVERTISING 49

----- TEXT UNITS 54-56:

and objectives. 54
 Ideally we would use only international material 55
 to save the expense locally. 56

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UNLCZ

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Retrieval for this document: 4 units out of 285, = 1.4%

* UNILEVER CZECH REP., 7.6.1994, INDUSTRY: DETERGENTS

* PRODUCT 116

----- TEXT UNITS 119-122:

Those which are made here are made according to
recommended formulas 119
so the quality is the same as in other markets. 120
We do localise the packaging 121
but that is necessary because of legal regulations. 122

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UNLHUN

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Retrieval for this document: 3 units out of 175, = 1.7%

* UNILEVER HUNGARY, 9.7.1994, INDUSTRY: EDIBLE FATS

* PRODUCT 59

----- TEXT UNITS 63-64:

We also have some local brands which do not underlay
the strict regulations of the international brands. 63
However we still try to co-ordinate the issues which
make the brand across different markets like a value
for money brand should have the same quality in
whatever market we sell it. 64

* MAIN LIMITATIONS FOR WESTERN BRANDS 165

----- TEXT UNITS 170-170:

Another example is the relatively little use of all
in one detergents. Here you have a tradition of
doing the washing in different steps to soak and
bleach before you put the washing in the machine and
these extra products are quite big in this market.
So you have to decide whether to change the consumer
habits or invest in these extra washing products. 170

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Total number of text units retrieved = 31
Retrievals in 8 out of 19 documents, = 42%.
The documents with retrievals have a total of 2393 text
units,
so text units retrieved in these documents = 1.3%.
All documents have a total of 5487 text units,
so text units found in these documents = 0.56%.

TEXT IN ALL DOCUMENTS:

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bdfcz

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Retrieval for this document: 19 units out of 241, = 7.9%

* BEIERSDORF BDF CZECH REP., 7.6.1994, INDUSTRY: PCP

* MARKET READINESS 78

----- TEXT UNITS 81-83:

We now introduce the more advanced products step by
 step 81
 to let the consumer adapt to the new products
 gradually 82
 and take her further once she has adapted to the
 previous generation of products. 83

* PROBLEMS FOR THE BRAND AT ENTRY 89

----- TEXT UNITS 92-95:

This image did not correspond to where Nivea stands
 in the rest of the world 92
 and we had to change that image quickly. 93
 A further problem was that we needed to put up the
 price at the same time 94
 which wasn't made easier by the 'cheap' image. 95

*RANGE 121

----- TEXT UNITS 122-124:

Our range is not as extensive as the range in Germany
 for example. 122
 We don't have the demand for all the niche products
 we sell in other markets. 123
 It is particularly the expensive products which we
 have not yet introduced. 124

* DISADVANTAGES OF BEING FIRST 184

----- TEXT UNITS 185-193:

The disadvantage was that when we took over from the
 licensee we had to raise the price of Nivea 600% 185
 in order to be able to sell it just over our cost
 base. 186
 This was obviously not a welcome change for the
 consumers 187
 and it was very difficult to make this change in this
 economic climate. 188

The other big disadvantage, maybe the biggest of them all, was that Nivea's image was that of a cheap brand. 189
 This obviously was something we had to counter 190
 because we stand for quality and that doesn't go well with a 'cheap' image. 191
 This all applies mainly to the Nivea cream 192
 as all other products were brought new into the market. 193

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CCPL

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Retrieval for this document: 8 units out of 439, = 1.8%

 * COCA COLA SYSTEMS POLAND, 10.5.1994, INDUSTRY: SOFT DRINKS

 * DO YOU HAVE A POLICY ON BEING FIRST OR LATE? 320

----- TEXT UNITS 324-331:

It is also a rule rather than a principle 324
 because we want to make profits 325
 and if that does not seem possible 326
 we are rather second than loose a lot of money. 327
 If we have to make too many compromises 328
 or too heavy losses 329
 at the start we are not going. 330
 We tried to be first in many other markets in central and eastern Europe like Croatia, Bulgaria and Russia but it always depends on the local situation. 331

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COLPL

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Retrieval for this document: 30 units out of 453, = 6.6%

 * COLGATE PALMOLIVE POLAND, 9.5.1994, INDUSTRY: TOOTHPASTE

 * MAIN MARKETING TOOLS 95

----- TEXT UNITS 96-97:

This depends on the type of product, 96
 the market 97

 * WESTERN BRAND WHICH FAILED 162

----- TEXT UNITS 163-166:

Everybody knows the Wash'n'Go story. 163
 Fairy liquid is a brand which has seen a lot of promotional push 164
 but its figures are very low. 165
 Ivory soap is not very successful. 166

----- TEXT UNITS 170-178:

With Wash'n'Go it also was to do with rumours 170
 which helped to destroy its market. 171
 The main marketing mistake however was to take a USP
 from the West 172
 which was based on convenience 173
 which is not perceived as an advantage here in Poland. 174
 Because nobody washes their hair as frequently as in
 the West. 175
 The same happened to Fairy liquid. 176
 Here people wash dishes under running water, 177
 if you have a highly concentrated liquid like Fairy
 its efficiency runs down the drain. 178

 * FREERIDER EFFECTS 298

----- TEXT UNITS 307-309:

Procter & Gamble has a pretty good blue print of what
 to do when they go into a new market. 307
 I think companies like Procter & Gamble have a strong
 advantage there. 308
 The disadvantage is that if you follow the blue print
 without recognising the local situation you may fail. 309

 * IMMEDIATE OBJECTIVES AFTER ENTRY 337

----- TEXT UNITS 338-339:

We were very much sales and market share oriented 338
 but also some bottom line contribution objectives. 339

 * DID YOU MAKE IT DIFFICULT FOR YOUR COMPETITORS 371

----- TEXT UNITS 372-381:

I think P&G made it much more difficult for us
 sometimes 372
 because they know what they have to do 373
 and they are often first in doing it. 374
 We have a different approach we do things when we are
 100% sure of them. 375
 We don't make a second step before the first one. 376
 P&G though made some mistakes 377
 because they went too fast and could not deliver what
 they promised 378
 we make sure we only promise what we can deliver 379
 and build a reputation of reliability 380
 which P&G has lost because of some blunders. 381

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DEHUN

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Retrieval for this document: 14 units out of 307, = 4.6%

* DOUWE-EGBERTS HUNGARY, 22.6.1994, INDUSTRY: COFFEE

* MAIN LIMITATIONS FOR WESTERN BRANDS 278

----- TEXT UNITS 279-280:

If they don't realise that they have to deliver
concepts which fit this market they are in trouble. 279
The concepts which work in the west will not
automatically work here. 280

* THE FUTURE OF BRANDS IN HUNGARY 282

----- TEXT UNITS 283-294:

If brands have time and patience they will do very
well. 283
Just pumping in money into advertising is not the
solution. 284
For us it is also a thought, largely philosophical
though, 285
what would happen if we stopped advertising and
promotion completely and reduce the price by 10 or 12% 286
If we would do that Jacobs would be out of business
tomorrow. 287
Do we sell more because of advertising or not? 288
If brands stay here 289
and have the stamina 290
they will do well. 291
However, they have to do come up with concepts that
fit the market 292
and the needs of the local consumers 293
and not just copy from the west. 294

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HENHUN

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Retrieval for this document: 23 units out of 381, = 6.0%

* HENKEL HUNGARY, 22.6.1994, INDUSTRY: DETERGENTS

* KEY LEARNINGS FROM HUNGARY 30

----- TEXT UNITS 35-38:

Here in Hungary marketing is much more down to earth 35
and concentrates on more essential issues. 36
I found back to a marketing philosophy which is that
only true innovations and advantages are worth the
effort to communicate them. 37
My philosophy is to celebrate the prime benefits. 38

* ADVERTISING 152

----- TEXT UNITS 157-158:

International campaigns are not as relevant to the
 life style 157
 and the needs of central European consumers 158

 * MAIN LIMITATIONS FOR WESTERN BRANDS 331

----- TEXT UNITS 333-335:

We don't realise higher margins than in other
 countries 333
 and the production process is not much cheaper than
 in western markets, 334
 which means we have not much room for manoeuvring in
 price. 335

 * TAKE OVER OF LOCAL BRANDS 340

----- TEXT UNITS 348-351:

We did not want to put all our western marketing know
 how 348
 into a slick western style re-launch 349
 but we wanted to do it carefully 350
 and over a longer period. 351

----- TEXT UNITS 355-364:

During our time we up-graded the brand in all factors
 of the marketing mix. 355
 We designed new packaging, 356
 developed new communication, 357
 improved the quality 358
 and increased the margin of the retailer and
 wholesaler, 359
 we also introduced POS materials 360
 and increased prices very carefully. 361
 We also reduced the range 362
 and concentrated on the important products under this
 brand 363
 to focus on the best selling products. 364

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JJCZ

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Retrieval for this document: 5 units out of 317, = 1.6%

 * JOHNSON&JOHNSON CZECH REP., 8.6.1994, INDUSTRY: PCP

 * THE FUTURE OF BRANDS IN THE CZECH REPUBLIC 305

----- TEXT UNITS 313-317:

The next one or two years will still be very
 difficult in winning consumer loyalty 313
 and to remain in the market 314
 but we have pretty good chances of succeeding. 315
 People have started to re-evaluate their expectations 316

and have realised that it is not such an easy game
after all. 317

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Retrieval for this document: 3 units out of 223, = 1.3%

* JOHNSON&JOHNSON POLAND, 8.6.1994, INDUSTRY: PCP

* DO YOU HAVE A POLICY ON BEING FIRST OR LATE? 149

----- TEXT UNITS 155-157:

One would always like to do what one thinks would
work, 155
but sometimes things don't work as planned 156
and one has to experiment what fits the local
situation. 157

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KJSCZ
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Retrieval for this document: 5 units out of 203, = 2.5%

* KRAFT JACOBS SUCHARD CZECH REP., 8.6.1994,
INDUSTRY: CONFECTIONERY

* ADVERTISING 86

----- TEXT UNITS 90-94:

Milka is clearly an international brand 90
so it's OK to use international campaigns 91
but for our local brands we need to produce local
commercials. 92
With Milka we mainly stress the brand 93
because that way it helps the whole range and brand
and not one single product. 94

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KJSHUN
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Retrieval for this document: 1 unit out of 164, = 0.61%

* KRAFT JACOBS SUCHARD HUNGARY, 17.6.1994, INDUSTRY:
/COFFEE CONFECTIONERY

* MAIN MARKETING TOOLS 65

----- TEXT UNITS 73-73:

We don't start advertising before we have a
distribution of at least 40%. 73

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PEPPL

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Retrieval for this document: 5 units out of 323, = 1.5%

* PEPSI POLAND, 11.5.1994, INDUSTRY: SOFT DRINKS

* BRAND 145

----- TEXT UNITS 146-150:

It has been a bit adapted, 146
not the core, 147
but the overall appearance has been adapted ever so
slightly. 148
Pepsi always was more of a Polish thing than Coca
Cola, like in ours and theirs. 149
150

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STOLHUN

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Retrieval for this document: 2 units out of 266, = 0.75%

* STOLLWERCK HUNGARY, 20.6.1994, INDUSTRY:
CONFECTIONERY

* WESTERN BRAND WHICH FAILED 84

----- TEXT UNITS 95-96:

They, as Mars, have tried to work with concepts which
had been developed in other markets 95
neglecting the differences of the local market. 96

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UNLCZ

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Retrieval for this document: 4 units out of 285, = 1.4%

* UNILEVER CZECH REP., 7.6.1994, INDUSTRY: DETERGENTS

* FINALLY 268

----- TEXT UNITS 269-272:

The Unilever mistake was the idea that what is
successful in western markets must also be successful
in eastern markets 269
which is not true. 270
The differences in society are more important than
was anticipated by Unilever 271
and also other companies. 272

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Total number of text units retrieved = 119
Retrievals in 12 out of 19 documents, = 63%.
The documents with retrievals have a total of 3602 text
units,
so text units retrieved in these documents = 3.3%.
All documents have a total of 5487 text units,
so text units found in these documents = 2.2%.
