

**Should Trendy Spielgoed enter the German market with an online store?**



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## Executive summary

Trendy Speelgoed is a Dutch online web shop that offers trendy toys to its customers. The company was established in 2004.

The company is considering launching a web shop in Germany where it will offer its trendy toys. Internationalization is attractive for many companies. It has its advantages, but also its disadvantages. Therefore, the research question of this paper is the following: **Should Trendy Speelgoed enter the German market with an online store?** In order to answer the main research question, different sources of information were used, including books, articles and sources on the internet. Furthermore, field research was used in the form of a survey on the online shopping behavior of Germans.

The main target group of Trendy Speelgoed is mothers with children, and everyone related to a child. The company offers different kinds of toys than other toy shops, which is what distinguishes it from its competitors. The company does not sell the most well-known toy brands such as Barbie or Lego.

The main competitor in the German market is Amazon. Amazon is the only company in Germany that offers almost all the toys that Trendy Speelgoed does. The biggest difference is that Amazon is not specialized in trendy toys.

At this moment Trendy Speelgoed is satisfied with its position in the Dutch market. However, the company is considering internationalization to increase its sales and the brand awareness.

The SWOT analysis shows that Trendy Speelgoed has a shortage of employees and that there is no brand awareness in Germany. The biggest advantage of the company is that its Dutch customers are very loyal.

The company should enter the German market with an online store. The best entry strategy is direct export. In the first year of launching the online store a profit of €78,000 is expected.

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## Introduction

As a student of The Hague University, specializing in International Business Management, I have written and analyzed the following marketing plan for the Dutch company Trendy Speelgoed.

Trendy Speelgoed, which is owned by Ms. Debbie Spelt, is interested in launching an online shop in Germany where they will offer their trendy toys. In this report we will investigate how this can be done in the most profitable way. As the Netherlands' neighbor, Germany is its most important export market (25% of all Dutch exports go to Germany). Furthermore, Germany is Europe's biggest e-commerce and toy market. This makes Germany a very attractive market for launching an online store specializing in toys.

The central question of this report is:

*Should Trendy Speelgoed enter the German market with an online store?*

The sub-questions of this report are following:

- What are the strengths, weaknesses, opportunities and threats of the company?
- What is the demographic, economic, socio-cultural, technological, environmental and political-legal situation in Germany?
- How should Trendy Speelgoed approach the German market (website, marketing tools)?
- What are the German customers expecting?

Quantitative research on the subject will be performed. Furthermore, survey will be conducted in order to get insight into the shopping behavior of German customers, who are interested in purchasing toys.

## Research Methods

The following research methods were used:

1. Desk research
2. Field research

The desk research was mostly done on the Internet. Furthermore, the book Export Management by Mr. Hans Veldman was used to develop the best marketing plan possible.

For the field research a quantitative research was conducted using a questionnaire. Around 100 people were surveyed through social media in order to gain insights into German's online shopping behavior. It is important to know what the expectations of the Germans are before entering the market. Furthermore, customer thoughts towards Trendy Speelgoed's website were analyzed in order to see if the company can use the same website for the Netherlands and for Germany.

The results of the surveys were processed in Excel and the charts will be made in Microsoft Word.

## 1.0 Internal Analysis

### 1.1 Company profile

Trendy Speelgoed is a Dutch online web shop that offers different kinds of trendy toys. The company is a part of ZowieZo marketing based in Oss, the Netherlands. Trendy Speelgoed was established in 2004 in the city of Oss. Since then the company is mainly active in the Netherlands, where 80% of the toys are sold, and in Belgium, where around 20% of the toys are sold. Trendy Speelgoed holds two web domains:

[www.trendyspeelgoed.nl](http://www.trendyspeelgoed.nl) and [www.trendyspeelgoed.be](http://www.trendyspeelgoed.be) which forwards visitors directly to the Dutch website.

Furthermore, the founder and owner of the company is Ms. Debbie Spelt and her father-in-law Mr. Spelt is in charge of the administration. Ms. Van Ven is in charge of the sales and marketing. The company has five employees. The team is small but they have vast knowledge of the products in their business market. Annually Trendy Speelgoed sells more than 7,000 toys. The company specializes in trendy toys, which distinguishes it from its competitors in the Netherlands and in Belgium. More than 500 different kinds of trendy toys can be ordered via their online store. Moreover, the offered toys are for children aged from 1 to 15 years old. The toys' prices range from €0.25 up to €249. (Trendy Speelgoed, n.d.).

### 1.2 Web shop

The web shop of Trendy Speelgoed is fully in Dutch and is very eye-catching. The designers used different colors, an interesting web layout and photos. Furthermore, the web shop is user friendly and clear, which lets the customers shop quickly and easily. On the website there are logos of different social media, which are used by the company to communicate with its customers. Nowadays it is very important for companies to use social media, especially online web shops, because it provides additional marketing and free advertisement. Besides, there is no better advertisement for an online company than direct suggestions by its customers; word of mouth is still the best review. Trendy Speelgoed uses different kinds of social media, such as Google Plus, Facebook, Twitter and Pinterest.

The company offers different kinds of toys and has cleverly divided them into categories. This makes it easier for the customer to find a specific product quickly, which is often the biggest challenge in an internet-based market. Ease and speed in navigation are the most important qualities in the modern age where time is money. Also, the company's webpage is equipped with a search bar that forwards customers directly to the product that they are looking for.

Besides, the contact details of the company are very easy to find. The website even introduces the employees that work for the company, giving their name and a picture. This makes the experience a bit more personal for the customer and adds a trustworthy face to the online experience. A guestbook can be found on the website, where customers can write their reviews.

What is more, customers can use different kind of payments in order to purchase a product from Trendy Speelgoed, such as:

- Credit card (Visa, MasterCard, Credit Card)
- iDeal: *"allows consumers to make purchases in a swift and secure way directly in the familiar online banking environment of their own bank"*. (Ideal, 2013)
- Bank transfer
- Direct Ebanking (which is also used in Belgium and in Germany)
- PayPal
- Giropay (German payment system)
- By cash on delivery

### 1.3 Customer Service

Customer Service has always been very important to companies, because it creates strong customer relationships and builds customer loyalty. With the help of customer service, companies can easily understand what the added value of their product or service is for their customers (HD Keys, 2012).

Trendy Speelgoed customers are able to order products online anytime and anywhere. All in-stock products ordered before 16:00 hours will be delivered the next day. However, this is only valid for orders from the Netherlands. For Belgium and Germany the delivery time is approximately two working days. For orders over €60 the delivery of the products is free

of charge in the Netherlands. For orders less than €60, €3.95 is charged for delivery. All orders are carried out by PostNL and can be followed online at [www.trackandtrace.nl](http://www.trackandtrace.nl). For Belgium and Germany the maximum delivery cost is €6.95.

All the products have a warranty of six months, beginning from the day of delivery. Orders can be canceled by the customer by e-mail within 24 hours of the purchase. The customer can return the purchased product within 14 days. The return procedure is free of charge, but there should not be any harm to either the product or the package (Trendy Speelgoed, n.d.).

#### 1.4 Privacy Policy

According to Privacy Trust “A privacy policy is one of the most important documents on any website” (Privacy Trust, 2013). The privacy policy of Trendy Speelgoed can be found under the privacy statement on their website. It reads, “Trendy Speelgoed respects the privacy of all users of its website and ensures that the personal information you give them will be treated confidentially” (Trendy Speelgoed, 2014). Trendy Speelgoed does not sell any personal information to third parties. Only third parties that are involved in the processing of the order can make use of the customers’ personal information.

To process a customer’s order and keep the customer informed about the progress of the order, the company needs the customer’s name, email address, delivery address and payment information. The email address is used to inform the customer about special offers and promotions as well. Customers can unsubscribe on the website if they do not want to receive any e-mails from the company.

Furthermore, the website uses cookies only to enhance the customer’s shopping convenience. Customers that have further questions about the privacy policy can contact the company (Trendy Speelgoed, 2014).

## 1.5 Marketing Tool Analyses

### 1.5.1 Social Media

Social media is the interaction among people in which they create, share, exchange information or ideas in virtual communities and networks. Nowadays social media use by companies is extremely important. Internet users spend nearly a quarter of their online time on social media (Top Sites Blog, 2011). This means that a big group of the target market is using social media. Most marketing channels are one way, meaning that the business sends a message and the consumer receives it. With social media, however, companies can actually have a conversation with their customers. Furthermore, social media creates a community of followers and fans that see the company as more than just a business (Social Media Today, 2014).

The most popular social networking sites are Facebook, Twitter, LinkedIn, Pinterest and Google Plus (ebizma, 2014). Trendy Speelgoed uses all of these popular social networking sites except for LinkedIn. The company is very active on Facebook where they have managed to get around 1725 'likes' as of April 15<sup>th</sup>, 2014. The company posts content related to their products and services. They also attract customers with different kinds of games, such as contests that challenge Facebook members to like their Facebook page in exchange for the opportunity to win different kinds of rewards. The followers on Facebook are not really active when it comes to giving likes and comments on the posts made by Trendy Speelgoed. Facebook users are the most active on posts related to the game contents.

Another social media platform that is used by Trendy Speelgoed is Twitter. As of April 15<sup>th</sup>, 2014 their Twitter page has around 1640 followers and 1873 tweets. A tweet is a post or status update on the Twitter platform. All tweets are in Dutch. On Twitter the company posts different kinds of content, mostly related to new products. Twitter is the second most used social media by the company (Bennett, 2013), the Twitter followers are not very active on the Twitter page of Trendy Speelgoed.

Google Plus is also used by the company, but it is not really active on Google Plus. As of March 19<sup>th</sup>, 2014 the company has only 11 followers. Between the posts on Google Plus there is sometimes a gap of two months.

Pinterest is a relatively new social media platform. It is huge and developing very quickly. It has a large number of very active members most of whom are female. Trendy Speelgoed, as of March 19<sup>th</sup>, 2014 has 9 boards on Pinterest. Boards are, in this case, a post that the company makes allowing a huge number of people to see and “pin it” (share it) if they are interested in one of the products. The company has 124 pins as of March 19<sup>th</sup>, 2014). Highly profitable side of Pinterest is that people can see the post even if they are not friends with each other, or have not pinned (shared) the picture further. This provides the business with an opportunity to advertise to the masses without having to do much for visibility.

### 1.5.2 Affiliate Marketing

Affiliate marketing is a technique where one company's website will promote another business. The affiliate is rewarded every time a visitor (customer) purchases something from the original website. This technique is very popular for web shops that are seeking to maximize their power on the web. Trendy Speelgoed stopped using affiliate marketing because it was not very successful for them on the Dutch market (Brick marketing).

### 1.5.3 Search Engine Optimization

Search Engine Optimization “is the process of getting traffic from the ‘free,’ ‘organic,’ ‘editorial’ or ‘natural’ listings on search engines. (Search Engine Land, 2014). Also, payment is not involved. All of the content on Trendy Speelgoed's website is written by its employees. When writing the content, the company takes into consideration how search engines look at the content and the company uses the key words that are most important. Thus, when the interested party is looking for something on the web, Trendy Speelgoed's webpage will be higher up on the page as a suggestion. The two main advantages of having a high ranking in a search engine are building a better online reputation for a company's business and increasing the number of potential clients (Lets Build Websites , 2012).

### 1.5.4 Newsletter

Once a month a newsletter is sent to more than 7,000 customers of Trendy Speelgoed, the newsletter contains information about new products, special offers and discounts. The customers can easily unsubscribe from the newsletter on the website of Trendy Speelgoed as well as subscribe if they are interested in the offers. An example of Trendy Speelgoed's newsletter can be found in Appendix 4. The advantage of using a newsletter is that a business reaches its target market directly. For a company it is important to provide useful and engaging newsletter content, because it keeps customers interested and helps building a greater customer base (Hamlin, n.d).

### 1.6 Abell framework

All businesses have their own business definition. When defining the definition the most important are the needs of the customers. The Abell framework gives a clear overview of the customers' needs. An Abell framework consists of three dimensions: customers, needs, and technologies.

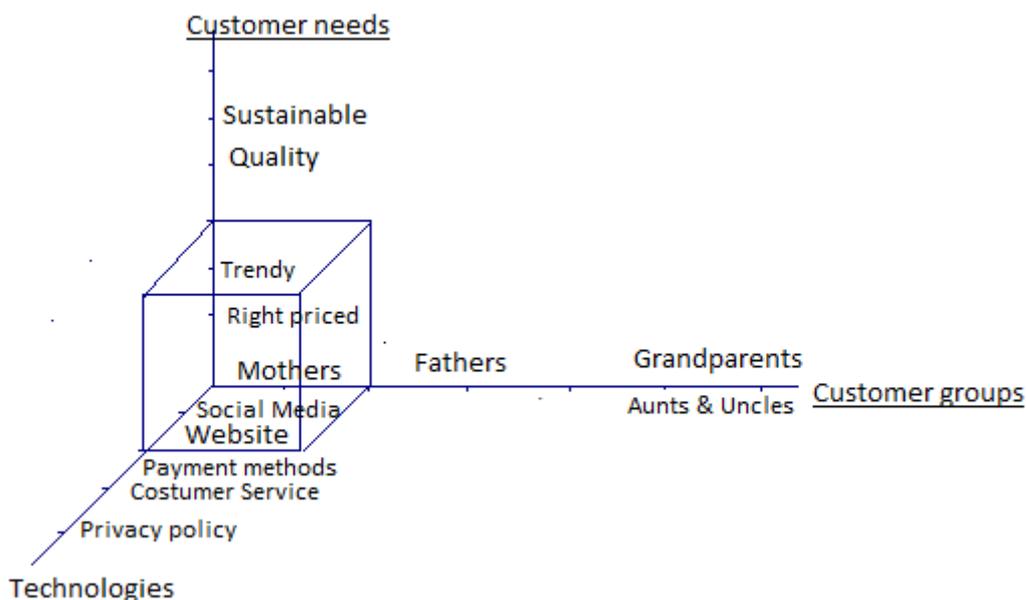


Figure 1.6.1 Trendy Speelgoed's Abell Framework

### 1.6.1 Customers

The main target group is mothers, who have children between the age of 2 and 15 years old. To be more specific, the target group should be familiar with online shopping and preferably with social media. Besides mothers, the target group also includes fathers, grandparents, aunts and uncles and anybody interested in purchasing toys (Appendix 3).

### 1.6.2 Needs

Trendy Speelgoed's customers want toys that are not mainstream like, for example, a Furby or a Barbie doll. Instead the customers are interested in toys that are more like Ugly Dolls or Crazy Catch balls (Trendy Speelgoed, n.d.). It is also important that the products are correctly priced, in that case are affordable. Furthermore, the customers want to purchase products online and receive their orders without leaving the house.

### 1.6.3 Technologies

In order to meet these needs, the company must have a great customer policy. A privacy statement is also very important for a company, as it guarantees the customers that their private data will be treated confidentially. First of all, the website must be of good quality and also user friendly. Trendy Speelgoed needs to offer its customers different kinds of payment methods, because not all the customers want to use the same payment methods. Social media is used for the optimization of customer relations. By ranking high in the search engines the company hopes to reach its customers and, of course, to sell its products.

## 1.7 Internal Analyses Conclusion

All in all, Trendy Speelgoed is a small Dutch company that specializes in trendy toys. Overall, it has five employees who have extensive knowledge of the toy market. The company is mainly active in the Dutch market, that is the reason why their web shop is completely in Dutch. Customers can order different kinds of trendy toys, which distinguishes the company from its competitors. Furthermore, the website is easily accessible and very user friendly. The company uses social media to create brand awareness and to promote its products. Besides, more than 500 different kinds of toys can be ordered from the company's web shop. Trendy Speelgoed sells more than 7,000 toys annually. Their main target group is mothers with children.

## 2.0 External Analyses

### 2.1 DESTEP

DESTEP stands for demographic, economic, social, technological, ecological and political analysis. It is a broad analysis of macro factors that may affect the organization's business and operations. Macro environmental factors need to be taken into consideration when entering a new market, as the macro environment factors can have a huge influence on the decision-making process of a company (Encyclo).

#### 2.1.1 The demographic factor

Germany is Europe's second most populous nation; only Russia has a larger population. Germany has around 81 million inhabitants. The age and gender structure of the country is described in the chart below.

Age	Percent of total population	Male	Female
0-14 years	13%	5,386,525	5,107,336
15-24 years	10.6%	4,367,713	4,188,566
25-54 years	41.7%	17,116,346	16,664,995
55-64 years	21.1%	5,463,221	5,574,166
65 years and over	20.9%	7,468,552	9,659,265

The vast majority (91,5%) of the country's population is German with Turkish being the largest ethnic minority, making up 2.45% of the country's population. The life expectancy at birth is 78.15 years for males and 82.86 years for females. The five largest cities in the country are Berlin, Hamburg, Munich, Cologne and Frankfurt am Main (CIA, 2014).

#### 2.1.2 The economic factor

The German economy is the largest in Europe. The country is the leading exporter in Europe of different kinds of goods, including machinery, chemicals, vehicles and household equipment. The German gross domestic product in 2013 was around 3,325 trillion dollars. The GDP per capita in Germany is \$39,000. Germany was seriously

affected by the global financial crisis. In 2009 the gross national product of the country dropped by 4.7%. In 2010 the gross national product increased 3.6%, which is the biggest increase since German reunification in 1990 (Duitsland Web, 2013).

Moreover, Germany uses the Euro as its currency. The total labor force is 44.2 million people. The country's unemployment rate is 5.3%. The inflation rate in 2013 was 1.6%. Around 71% of Germany's import comes from Europe. Most of Germany's imported goods come from China, followed by its neighboring country the Netherlands. In 2013 Germany imported goods worth 89.2 billion euro from the Netherlands, which is 10 percent of Germany's total imports (CIA, 2014).

### 2.1.3 The socio-cultural factor

The National language of Germany is the German language, which is a West Germanic language and derives most of its vocabulary from the Germanic branch of the Indo-European language family. Other countries that speak German include Austria, Lichtenstein, Switzerland, and its spoken in some regions of neighboring countries.

The main religions in Germany are Protestant 34%, Roman Catholic 34%, and Muslim 3.7%. A significant portion of the population 28,3% is unaffiliated or another religion. (CIA, 2014).

Regarding education, 86% of the Germans have at least finished high school (88% of the men and 83% of the women). Germany is a very attractive country for foreign students, because the students pay nothing or very little for tuition fees.

### 2.1.4 The technological factor

Sixty-three million Germans is using the internet on a regular basis. The biggest age group that has access to the internet are people 14 to 29 years old; 96% of these people have access to the internet. In total 18.7 million Germans have access to a mobile device or a tablet.

Also, the most preferred payment method in Germany is purchase on account, followed by PayPal and direct debit (GTAI, 2013). According to a study conducted by the E-

Commerce-Center, “over eighty percent of people making online purchases consider the availability of their preferred payment procedure to be very or absolutely important” (GTAI, 2013).

#### 2.1.5 The environmental factor

According to the Köppen system, Germany has a temperate climate (Cfb types) with relatively mild winters, hot summers and no extreme rainfall throughout the year (Klimaat info).

The landscape of Germany varies by province. The north of the country is flat. The middle and the southern part of the country are hillier. The country also has islands that are only reachable by boat. This can have an influence on the delivery time of products (Klimaat info).

#### 2.1.6 The political factor

Germany is in many ways similar to the Netherlands, as it is also a member state of the European Union. The European Union has an internal market which seeks to guarantee the free movement of goods, capital, services and people (Europa, 2014). Some articles which protect these rights are described below.

- **Article 30 TFEU**

‘Customs duties on imports and exports and charges having equivalent effects shall be prohibited between Member states. This prohibition shall also apply to customs duties of a fiscal nature’ (HRI, 2012).

- **Article 110 TFEU:**

‘No Member State shall impose, directly or indirectly, on the products of other Member States any internal taxation of any kind in excess of that imposed directly or indirectly on similar domestic products. Furthermore, no Member State shall impose on the products of other Member States any internal taxation of such a nature as to afford indirect protection to other products’ (Europedia, 2011).

## 2.2 Five forces of porter

Porter's Five forces analysis looks at the competitive environment of the firm. It is a good strategy to avoid putting the competitive edge at risk and to ensure the profitability of products in the long term (Innovation , 2008).

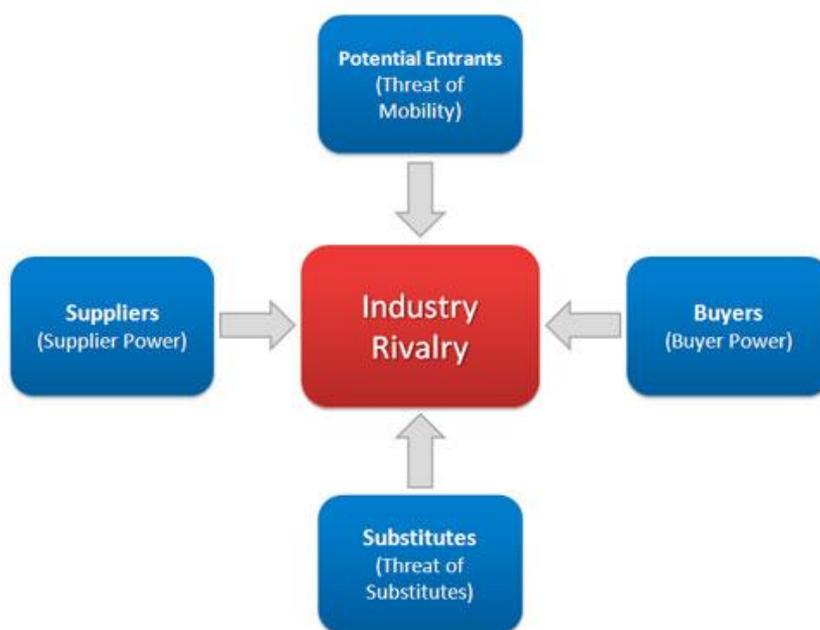


Figure 2.2.1: Five forces of Porter model (Innovation, 2008)

### 2.2.1 Threat of new entrants

The threat of new entrants is high. It is especially easy for companies from the European Union to start a web shop in Germany. Companies coming from the European Union will not face any entrance barriers. Of all the toys sold in Germany 16% were sold on the internet. This percentage will only grow in the future, which makes Germany an attractive market for running an e-commerce business. Germany is Europe's most attractive e-commerce market, and one of the reasons is that is the biggest one in Europe. (Abaar, 2013).

Rank	Country	Market type	Online market size (40%)	Consumer behavior (20%)	Growth potential (20%)	Infrastructure (20%)	Online market attractiveness score
1	China	Next Generation	100.0	68.8	100.0	51.1	84.0
2	Japan	Digital DNA	100.0	100.0	17.4	99.1	83.3
3	United States	Established and Growing	100.0	77.6	39.8	96.5	82.8
4	United Kingdom	Established and Growing	100.0	77.5	14.7	86.3	75.7
5	South Korea	Digital DNA	79.6	97.4	9.3	95.1	72.2
6	Germany	Established and Growing	90.3	78.3	28.1	65.1	70.4
7	France	Established and Growing	85.5	75.7	7.4	71.6	65.2
8	Brazil	Next Generation	37.2	51.2	64.7	64.1	50.9
9	Australia	Established and Growing	15.7	89.4	46.2	86.9	50.8
10	Canada	Established and Growing	17.7	73.5	48.3	91.5	49.7
11	Singapore	Digital DNA	2.3	93.1	28.9	100.0	45.3
12	Argentina	Next Generation	9.2	59.1	75.7	68.0	44.2
13	Russia	Next Generation	34.9	51.8	56.4	42.3	44.1
14	Hong Kong	Digital DNA	3.2	93.7	17.2	100.0	43.4
15	Italy	Next Generation	16.1	52.2	64.3	60.7	41.9
16	Sweden	Established and Growing	12.1	77.5	21.7	85.7	41.8
17	Slovakia	Next Generation	2.0	71.5	86.4	44.3	41.2
18	New Zealand	Digital DNA	2.5	92.3	28.1	78.5	40.8
19	Netherlands	Established and Growing	16.2	77.5	17.4	73.9	40.2
20	Chile	Next Generation	3.9	61.0	56.5	74.8	40.0
21	Finland	Established and Growing	13.3	77.2	13.6	82.1	39.9
22	Turkey	Next Generation	10.7	26.6	72.9	78.4	39.9
23	Venezuela	Next Generation	2.5	49.5	100.0	42.1	39.3
24	Belgium	Established and Growing	9.8	70.6	26.5	73.1	38.0
25	United Arab Emirates	Next Generation	0.9	50.3	49.2	87.8	37.8
26	Norway	Established and Growing	12.3	77.5	9.7	75.7	37.5
27	Ireland	Next Generation	7.2	62.3	42.2	67.9	37.4
28	Denmark	Established and Growing	10.2	78.3	14.1	73.0	37.2
29	Switzerland	Established and Growing	13.2	68.2	10.9	79.4	37.0
30	Malaysia	Next Generation	1.0	63.0	44.2	75.0	36.8

(Figure 2.2.2) Top 30 world's most attractive e-commerce countries. (Abaar, 2013)

### 2.2.2 Threat of substitute products and services

Threat of substitutes is high and the switching cost for customers to change to another product is low. A child will very quickly get bored with a certain toy and after a while he or she will look for another one. The electronic game industry is also a threat for the toy industry. An increasing number of parents are giving their children a game console or even an iPad instead of traditional toys (Euromonitor International, 2014).

### 2.2.3 Bargaining power of customers (buyers)

The bargaining power of customers is very high. Switching to alternative products is very simple and does not involve high switching costs. Customers of Trendy Speelgoed can choose among more than 1000 other online web shops that are also offering toys. The company has to offer the best price relative to their service (brand name, ease of use of

the website, quick delivery, guarantee and different kinds of payment methods) which will satisfy the customer enough to purchase the company's products and come back to the same store again. Otherwise the customer may continue to look for the best price on the internet and finally purchase the product somewhere else. Not only is the price important, but also the different kinds of payment methods that are offered, the delivery time and the customer service. Furthermore, safety is also very important for the customers because they need to be sure that their personal information will be treated confidentially.

#### **2.2.4 Bargaining power of suppliers**

The power of suppliers within the online toy market is medium high. Since Trendy Speelgoed does not have any production plant where they produce their own products, they rely on their suppliers for finished toys. The company is working with the following profit margin: purchase price (excluding VAT) x minimum of 2.2 = selling price including VAT. Thus, when the purchase price changes, the selling price also changes. When the supplier's price starts to be expensive, the company can decide to look for a new supplier that is less expensive and thereby maintain affordable prices for its customers.

#### **2.2.5 Intensity of competitive rivalry**

Rivalry among competing firms is high. Trendy Speelgoed has an uncountable number of competitors. The company is not dealing only with direct competitors, but also with indirect ones. One of the direct competitors is Amazon. Amazon offers all kinds of toys, but this is not the only product range they offer. Amazon offers all kinds of products, such as televisions, books and even food. Furthermore, cross-border online shopping in Europe is increasing rapidly. Two years ago the European Commission found that cross-border online shopping was undertaken by just 20% of online shoppers in the EU. This percentage will only grow in the future.

### **2.3 Competitor Analyses**

The toy market of the European Union is the biggest in the world. In 2011 alone consumers in the EU spent €16.5 billion on toys. Germany, France and the United Kingdom are the European countries where most of the toys were sold. Most of the toys in the EU are sold in tradition retail outlets. In Germany 16% of all toys are sold online

(Toy Industrie of Europe , 2013). Trendy Spielgoed will have to deal with different competitors in the German market. The competitors are discussed individually below.

### 2.3.1 [www.amazon.de](http://www.amazon.de)

Amazon is the world's largest retailer. Amazon is an American company established in 1994. The German edition of the website was established in 1999. The company offers all kinds of products, such as books, games, computers, cameras, food and also toys. In 2011 Amazon.de was the 12<sup>th</sup> most popular website in Germany.

All orders over €20 are free of delivery costs. Amazon.de offers its customers different kinds of payment methods. The available payment methods are Visa card, MasterCard, Gift voucher, payment on account, and payment by direct debit. The customer has 30 days to return a product. The delivery time within Germany is approximately two days (Amazon, 2014).

Amazon.de is the only competitor that sells all the products that Trendy Spielgoed has in its assortment. The prices of the products are more or less the same, but the delivery costs make the products of Trendy Spielgoed more expensive.

Amazon.de also scores very high in the different search engines such as Google.de. If you type "Spielzeug" (German for toys) the first website you will find on Google.de is the Amazon website; the same is true if you type "trendy spielzeug".

### 2.3.2 [www.mytoys.de](http://www.mytoys.de)

The company was established in 1998 in capital of Germany, Berlin. Mytoys.de is the number one online shop for toys in Germany. The company offers different kinds of toys, such as Lego, Barbie dolls, computer games, etc. The toys offered by mytoys.de are slightly different from the ones offered by Trendy Spielgoed. Mytoys offers more well-known brands and is not really specialized in one particular category of toys. The delivery time of a MyToys product is between two and four days. The delivery costs are €2.95 regardless of the order value. The available payment methods are Visa Card, MasterCard, payment on account and payment by direct debit. MyToys allows customers to return any item with 14 days free of charge.

### 2.3.3 [www.uglydoll.eu](http://www.uglydoll.eu)

Uglydoll.eu is a subsidiary of the German company Säck & Nolde GmbH & Co. KG based in the German city of Bochum. Uglydoll.eu is a web shop that exclusively sells Ugly Doll products. On their website different kinds of Ugly Doll products can be purchased, such as the Ugly Doll teddies, Ugly Doll puzzles, Ugly Doll bags, Ugly Doll key chains and many others. The content of the web site is fully in German. The company offers its customers fewer payment options than Trendy Speelgoed offers. The available payment methods of Uglydoll.eu are Visa, MasterCard, American Express, Discover and PayPal. The company allows customers to return any item within 14 days free of charge. The delivery time within Germany is approximately two days. The Ugly Doll products are a bit cheaper than the ones offered by Trendy Speelgoed. Moreover, given the delivery costs, Trendy Speelgoed's products are a lot more expensive (Uglydoll, 2014).

### 2.3.4 <http://www.toysrus.de>

Toys "R" Us is the world's leading dedicated toy and juvenile products retailer, offering a differentiated shopping experience through its family of brands. The company is active in more than 35 countries worldwide. Since 1986 it has been active in the German market with physical stores. The web shop was online for the first time in 2007. The company offers all kinds of toys from Lego products to Furbies. The toys are different from those offered by Trendy Speelgoed. Toys "R" Us offers more the most well-known such as Lego and Furbies, as mentioned earlier. Toys "R" Us does not offer its customers any of the toys offered by Trendy Speelgoed.

Toys "R" Us offers its customers different payment methods, such as Visa Card, MasterCard, payment on account, direct payment and by vouchers. Within Germany the estimated delivery time is 2 to 4 days. The delivery is only free of charge for orders over €50. The right of return allows (ToysRus, 2010).

## 2.4 Competitive matrix

Company	Trendy	Amazon	MyToys.de	Uglydoll.eu	Toysrus.de	Weight
Attributes	Speelgoed					
Delivery time	5=(15)	5=(15)	4=(12)	5=(15)	4=(12)	3x
Right of return	3=(6)	5=(10)	3=(6)	5=(10)	3=(6)	2x
Brand awareness	1=(1)	5=(5)	4=(4)	1=(1)	4=(4)	1x
Payment methods	4=(8)	5=(10)	5=(10)	4=(8)	5=(10)	2x
Delivery costs	3=(9)	4=(12)	4=(12)	3=(9)	5=(15)	3x
Total score	39	52	46	43	47	

## 2.5 Competitor analysis conclusion

Trendy Speelgoed will have to face a lot of competitors on the German market. The company's competitive advantage is that it specializes in trendy toys, which distinguishes the company from its competitors. The competitors of Trendy Speelgoed are more specialized in the famous, A brand toys, such as Lego and Playmobile. The decision-making process of the company is very short and decisions are made very quickly. Therefore the company can respond quickly to any changes in the market and react accordingly. The competitors are much bigger companies that have a longer decision-making process, which does not make them as flexible as Trend Speelgoed is. Trendy Speelgoed can differentiate by introducing a chat application where employees can give customers advice about anything they may need during their visit to the webpage. This personalizes its services, gives the company an approachable look and, due to the company's vast knowledge about its own products, helps the customer make the best choices.

The biggest competitor of Trendy Speelgoed will be Amazon, which offers almost all the toys that Trendy Speelgoed has in its assortment. The difference between the two companies is that Trendy Speelgoed only sells toys, while Amazon also sells thousands of other products. Furthermore, Amazon is one of Germany's most popular online web

shops. The two companies' product prices are almost the same, but the delivery costs make the products of Trendy Speelgoed a bit more expensive. The biggest advantage of Trendy Speelgoed is that it only offers trendy toys, which make the company a specialist on the German market.

The second biggest competitor will be Toys "R" Us. The company sells different toys than Trendy Speelgoed does. The company has strong brand awareness among German customers. Toys "R" Us offers its customers the same payment methods Trendy Speelgoed does, but it also provides payment on account, which is the most popular payment method in Germany.

The third biggest competitor will be Mytoys. Mytoys is the biggest online web shop for toys in Germany. Mytoys sells different kinds of toys than Trendy Speelgoed sells. The company also offers its customers the most popular payment method in Germany, which is payment on account. There is not a huge difference between Toys "R" Us and Mytoys.

Uglydoll.eu will be a minor competitor on the German market. The company is only a competitor when it comes to the Ugly Doll products, which are quite a popular product in the online store of Trendy Speelgoed. Uglydoll.eu is specialized in Ugly Doll products and in Germany they are one of the few that offer this type of doll.

## 2.6 External Analysis conclusion

The German e-commerce market is one of the biggest in the world and the biggest in Europe. Germany's e-commerce market is very easily accessible and without any entry barriers for companies coming from The EU. Sixty-three million Germans use the internet on a regular basis. The biggest age group using the internet in Germany is 14 to 29 years old. The GDP per capita is \$39,000.

The bargaining power of consumers is high. Customers are looking for the best price and service and if they cannot find it in the company's web shop they will look for another place that can satisfy all their needs. However, the bargaining power of the suppliers is medium high.

### 3.0. SWOT

#### 3.1 Introduction

The SWOT analysis and the confrontation matrix show the strengths, weaknesses, opportunities and threats of Trendy Speelgoed.

#### 3.2 SWOT analysis

SWOT analysis is a technique that helps companies understand their strengths, weaknesses. Furthermore, it identifies the opportunities and threats a company may face (Mind Tools).

<p><u>Strengths</u></p> <ul style="list-style-type: none"> <li>▪ S1. Strong customer trust</li> <li>▪ S2. Short decision-making process</li> <li>▪ S3. Great knowledge of the toy market</li> <li>▪ S4. High ranking in search engines</li> <li>▪ S5. Fast delivery time in the Netherlands</li> <li>▪ S6. Affordable products</li> </ul>	<p><u>Weaknesses</u></p> <ul style="list-style-type: none"> <li>▪ W1. Website not translated into English</li> <li>▪ W2. No brand awareness in Germany</li> <li>▪ W3. Shortage of employees</li> </ul>
<p><u>Opportunities</u></p> <ul style="list-style-type: none"> <li>▪ O1. Improving the website</li> <li>▪ O2. Expanding its business abroad</li> <li>▪ O3. Expanding the product range</li> <li>▪ O4. Hiring more employees</li> <li>▪ O5. More advertising</li> </ul>	<p><u>Threats</u></p> <ul style="list-style-type: none"> <li>▪ T1. The economic crisis</li> <li>▪ T2. Threats of substitute is high</li> <li>▪ T3. High threats of new entrants</li> </ul>

### 3.2.1 Strengths

Trendy Speelgoed has several strengths. First, the company has a strong customer trust most of the customers are very loyal to the company (S1). Secondly, a short decision-making process is maintained by the company (S2), which makes it easy to react to possible changes at the market. Furthermore, the company has great knowledge of the toy market, which is important in order to be innovative (S3). The company scores very high in the different search engines (S4) because all content on the website is written by Trendy Speelgoed itself and when writing the content the company takes into consideration how search engines look at it. The company has a fast delivery time in the Netherlands (S5), often not more than one working day. Finally, the company offers very affordable toys starting at €0.25 (S6).

### 3.2.2 Weaknesses

The company has a long list of strengths but there are also some internal weaknesses. First, the website is not translated into English (W1), which makes it difficult for foreigners who do not speak Dutch to read the content of the website. Second, the company has no brand awareness in Germany (W2). The last weakness is the shortage of employees (W3), which is a threat to the whole sales process.

### 3.2.3 Opportunities

Trendy Speelgoed has a large number of opportunities. The most important one is constantly improving the website(O1); the company needs to be innovative which is why they need to improve their website constantly. Expanding business abroad (O2) is, for many companies, an opportunity to build a larger potential customer base and spread risk. Being innovative also means expanding the product range by constantly introducing new products (O3). Hiring new employees is also necessary for the planned expansion into the German market (O4). The last opportunity is investing money in more advertising (O5), which is needed to create brand awareness among German customers.

### 3.2.4 Threats

The economic crisis (T1) is a threat for many businesses. Germany was also affected by the economic crisis. Since 2010, however, the economy of Germany has been growing and has not grown as quickly since 1990. The threat of substitution is high (T2) and the switching cost to alternative products is very low. Moreover, children are very easily bored with a certain toy and after a while they want another one. The game industry is one of the substitutes for the toy industry. iPads and personal computers can also be considered substitutes. The threat of new entrants is high, as the German e-commerce market is very attractive for companies from abroad. Furthermore, the German toy market is the biggest in the world.

### 3.3 Confrontation Matrix

The confrontation matrix is a tool that further analyzes the output of the SWOT analysis. It analyzes each different combination of strength, weakness, opportunity, and threat (Export program management, n.d).

	Opportunities	Threats
Strengths	<p>S2.O4 Short decision-making process – Extend product range</p> <p>S3.O2 Great knowledge of the toy market – Expanding the business abroad</p> <p>S4.O1 High ranking in search engines - Improving the website</p>	<p>S6.T1 Affordable products - The economic crisis</p> <p>S2.T2 Short decision-making process - Threats of substitute is high</p> <p>S4.T3 High ranking in search engines - High threats of new entrants</p>
Weaknesses	<p>W1.O1 Website not translated into English - Improving the website</p>	<p>T1.W3 The economic crisis – Shortage of staff</p>

	W2.O3 No brand awareness in Germany – O5 More advertising	T2.W1 Threats of substitute is high - Website not translated into English
	W3.O5 Shortage of employees - Hiring more employees	T3.W2 High threats of new entrants – No brand awareness in Germany

### 3.3.1 Strengths and opportunities

Trendy Speelgoed consists of a small team, but this small team has vast knowledge of the toy Market. The decision-making process of the company is very short, meaning that the company can react very quickly to possible changes in the market. Also the company can very easily extend its product range when some products are not selling well. The delivery time of the goods in the Netherlands is very fast; usually it does not take longer than a working day. Trendy Speelgoed scores very high in the different search engines such as Google and Bing. In order to sustain these great results the company needs to improve its website continuously. Spreading the business abroad could lead to a larger customer base and provide the possibility of obtaining a larger market share.

### 3.3.2 Weaknesses and opportunities

One of the main weaknesses of Trendy Speelgoed is that the website is not translated into English. For a company that wants to attract international customers, it is really important to have a website in English and in the main language of a certain country. The company has no brand awareness in Germany. Therefore Trendy Speelgoed needs to invest more money in advertising in order to create brand awareness among German customers.

Shortage of staff is another weakness, as the company only has five employees. When one of them is not able to work due to different reason the work of the employees remains. As a result, there may be delays in shipping products. Thereby the company needs more employees to act as a sort of back up. Before entering the German market the company needs to hire someone who speaks German to translate the website's

content and focus on customer contact and advertising. If a warehouse is rented in Germany, at least one employee will be needed for the warehouse work.

### 3.3.3 Strengths and threats

Trendy Speelgoed offers products in the price range of €0.25 up to €249. In times of economic crisis customers are looking for cheaper alternatives. The toys of Trendy Speelgoed are not very expensive, and they could be a substitute for the most-well known toy brands that are usually overpriced.

The threat of substitute in the toy market is high. Children very easily get bored with toys and after a while they will ask for new toys or something totally different such as an iPad. That is why it's very important for Trendy Speelgoed to innovate and to follow the trends in the toy market.

For companies from The EU it is very easy to enter the German e-commerce market. Trendy Speelgoed will face many competitors on the German market and there will always be new companies entering the German toy market with an online store. Trendy Speelgoed will have to score very high in the different search engines in order to attract German customers.

### 3.3.4 Weaknesses and threats

The economic crisis is a threat for all companies. Due to the economic crisis many companies are letting employees go. For internationalization Trendy Speelgoed will need to hire more employees who speak the native language of the country, in this case, German.

### 3.3.4 Conclusion

International expansion is advised for Trendy Speelgoed. In times of economic crisis, it is wise to invest. International expansion can lead to a larger customer base, risk spreading and a higher turnover. The company needs to invest constantly in innovation regarding the website. Furthermore, the website needs to be translated into German and English. Moreover, it is important to create brand awareness among Germans. The company can do this by advertising.

## 4.0 Results Analysis

The survey on the online shopping behavior of Germans had 102 respondents. All the results can be found in Appendix 2. All the surveys were conducted through the use of social media. Sixty-five percent of the respondents identify themselves as women and 35% identify as men. Forty-six percent of the respondents have one or more children. Most of the respondents are from the Bundesland, Brandenburg and Nordrhein-Westfalen. Sixty-one percent of the respondents had an annual gross income of €10,000 or more.

The main findings of the survey are that 63% of the respondents buy toys online; most of them buy toys slightly often. Fifty-four percent of the respondents prefer to buy toys in a physical store. The majority of the respondents are willing to pay €2 to €5 delivery costs. The most preferable payment method is paying by credit card, followed by purchase on account. Forty-six percent of the respondents expect a warranty of more than 4 weeks.

According to the respondents, the most important concern when ordering online is the safety of the website, followed by the price of the products and the payment methods. Sixty-six percent of the respondents are quite comfortable buying online from a company they do not know. Most respondents (74%) have already bought products online from abroad. The ones that had not are not sure whether it is safe or not.

Amazon.de is the most well-known online web shop in Germany, according to the survey, followed by ToysRus.de.

The first impression of Trendy Spielgoed's website was neither positive nor negative according to 52% of the respondents. Twenty-eight percent of the respondents had a positive first impression of the web shop. Sixteen percent had a negative first impression. Just 20% of the respondents would consider buying toys from Trendy Spielgoed; 53% are not sure whether they would buy toys from Trendy Spielgoed or not.

### 4.1 Result analysis conclusion

The main findings of the questionnaire are:

- The website does not give a good first impression
- Most preferable payment methods are credit card and purchase on account
- Warrantee of at least 4 weeks is expected
- 20% of respondents would consider buying toys from Trendy Spielgoed

## 5.0 Entry Strategy

In this section different kinds of entry strategies will be discussed. When entering a foreign market a company needs to decide what the best approach is. A company can choose direct export, indirect export or cooperative export (Veldman, Export Management, 2010).

### 5.1 Choosing an entry strategy

Companies can choose among three types of entry strategies: direct export, indirect export and cooperative export. Direct export is the strategy in which a company exports directly to a customer interested in buying its products or services. The company is responsible for the market research, logistics, and shipment, as well as for the collection of the payment. The biggest advantage of this strategy is that the company has a high degree of control over the export process. Additionally, the potential profits are higher (Delaney, 2012).

Indirect export means selling to an intermediary. The intermediary sells the company's products directly to customers or to importing wholesalers (Delaney, 2012). For example, one of those intermediaries can be Amazon, which is also a competitor. Trendy Speelgoed can sell its products through Amazon to the German customers, and for each product sold a commission would need to be paid to Amazon.

This strategy is not suitable for Trendy Speelgoed, mainly because of the lower profit margins and because the company will depend on the commitment of the partner. The use of an agent is also not interesting for Trendy Speelgoed because the company would need to share the profit with an agent. An agent is more interesting for a producing company and not for an e-business. Trendy Speelgoed is a unique web shop that should enter the German market without any intermediary.

Cooperative export is when two companies try to export to another market in cooperation with another company (Veldman, Export Management, 2010). This export strategy is not interesting for Trendy Speelgoed and will not be discussed any further.

The advantages and disadvantages of indirect export and direct export can be found in the table below.

Advantages of direct export	Disadvantages of direct export
<ul style="list-style-type: none"> <li>• Higher degree of control over the export process</li> </ul>	<ul style="list-style-type: none"> <li>• Fewer financial risks</li> </ul>
<ul style="list-style-type: none"> <li>• Potential higher profits</li> </ul>	<ul style="list-style-type: none"> <li>• The intermediary has greater market knowledge and access to the most appropriate sales channels</li> </ul>
<ul style="list-style-type: none"> <li>• The company develops a better understanding of the marketplace</li> </ul>	<ul style="list-style-type: none"> <li>• After-sales commissioning and service may require local language capability</li> </ul>
<ul style="list-style-type: none"> <li>• The company knows who its customers are</li> </ul>	<ul style="list-style-type: none"> <li>• Little or no additional staff needed</li> </ul>
Advantages of indirect export	Disadvantages of indirect export
<ul style="list-style-type: none"> <li>• It takes more time and money than the company may be able to afford</li> </ul>	<ul style="list-style-type: none"> <li>• Lack of recognition of the end users of the product or service</li> </ul>
<ul style="list-style-type: none"> <li>• The company has to handle all the logistics of the transaction</li> </ul>	<ul style="list-style-type: none"> <li>• Lower profit margins</li> </ul>
<ul style="list-style-type: none"> <li>• It requires more manpower</li> </ul>	<ul style="list-style-type: none"> <li>• The company does not have direct contact with customers</li> </ul>
<ul style="list-style-type: none"> <li>• Greater financial risk</li> </ul>	

## 5.2 Best entry strategy for Trendy Speelgoed

The most appropriate entry strategy for Trendy Speelgoed is direct export. The main advantage of direct export is greater potential profit. Furthermore, the company has a greater degree of control over all aspects of the transaction (Delaney, 2012). The ordered goods will be handed over to TNT post in the Netherlands and finally TNT Post will deliver the goods to the German customers. The delivery time will be approximately two working days. The maximum delivery cost to Germany from the Netherlands is €6.95 and it needs to be paid by the customers.

If the business is a success, the company should consider renting a warehouse in Germany. The main advantage of direct export is greater potential profit because the company does not need to share their profit with others. The disadvantage of this strategy is that the company needs more manpower, which requires capital and time.

## 6.0 Marketing Mix

### 6.1 Introduction

For a company it is very important to put a product in the right place, at the right price, and at the right time. A marketing strategy is always based on an extensive elaboration of the marketing mix. The elements must be well coordinated to be effective. With a stylish product that is not promoted you get nowhere after all! The marketing mix consists of four elements: product, price, promotion and place. (Mind Tools , 2014)

### 6.2 Product

Almost all of the products sold by Trendy Speelgoed are of good quality. The products are not the most well-known toy brands which is what distinguish the company from its competitors. Trendy Speelgoed should offer on the German market the same products it offers on the Dutch market. The company should also be innovative by introducing new products all the time. The customers want to purchase the products without leaving the house. Furthermore, it is important to satisfy the customers' needs by offering the right service the company can fulfill the needs of its customers. It is important that the website is fully in the German language.

### 6.3 Price

For the German market the company should use the same prices as in the Netherlands and in Belgium. Amazon is the only company selling the same products as Trendy Speelgoed. The company should sell its products for a bit less than Amazon because the delivery costs make the products of Trendy Speelgoed a bit more expensive than the ones on Amazon. Furthermore, it is important to offer the payment method purchase on account, which is the most popular payment method in Germany. Besides payment on account, the company should offer all the other payment methods that they offer in the Netherlands and in Belgium.

## 6.4 Place

When entering the German market Trendy Speelgoed should offer a website that is completely in German. The web domain should also be German, for example, [www.trendyspielzeug.de](http://www.trendyspielzeug.de). Additionally, the company should make the web shop more attractive than the one it uses now in the Netherlands and in Belgium because, according to the survey, the first impression of many respondents was not positive. It takes just 0.50 milliseconds for users to form an opinion about a company's website. This opinion determines whether they like the site or not and whether they will stay or leave. Ninety-four percent of the first impression is design related (ConversionXL, 2012). Therefore, it is very important that the website have an attractive design so that the potential consumers will decide to purchase from the online store and not from a competitor's store.

## 6.5 Promotion

Trendy Speelgoed is not known in Germany. The company needs to create brand awareness among German consumers. For Trendy Speelgoed it is really important to be active on social media. Social media is the best way to reach the company's customers and to receive feedback from them. Facebook and Pinterest are the most important social media platforms for Trendy Speelgoed with regard to promoting its products. Facebook is the most popular social media in the world as well in Germany. Pinterest is used mostly by women, which makes it an attractive social media for promoting Trendy Speelgoed's products because women are the company's main target group. Furthermore, it is important to score very high in the different search engines, because this allows your potential customers to find you very easily. Although the company was not satisfied with the use of affiliate marketing in the Netherlands, it should try to use affiliate marketing in Germany in order to create as much brand awareness as possible. Affiliate marketing is free and the company only has to pay for results (Brick marketing). Visiting toy fairs is also very important because that is where companies learn about the newest trends in the toy market and it is also the right place to get in contact with potential suppliers and customers. One of the biggest toy fairs which Trendy Speelgoed should visit is the toy fair of Nurnberg (Toy Fair, 2014). On the Trendy Speelgoed a chat application should be introduced allowing customers to ask questions about certain products directly to the employees of the company. This would make the shopping experience more personal.

## 7.0 Financial Forecast

Before entering the German market Trendy Speelgoed needs to make some investments. First of all the company needs to invest in a new website with a German domain ([www.trendyspielzeug.de](http://www.trendyspielzeug.de)). The company will need at least one extra employee who is fluent in German and English. The profit margin per product is purchase price x 2.2 = selling price excluding VAT. The best-selling product at the moment is Kinetic Sand, which is on the market for €13.95. Trendy Speelgoed buys the product for approximately €6 which means that the gross profit for each Kinetic product is €7.95. Annually Trendy Speelgoed sells 7000 toys in the Netherlands. The German market is six times larger than the Dutch market (**Abaar, 2013**). However, currently Trendy Speelgoed has no brand awareness among German customers.

Bellow the forecast for year 2015, 2016 and 2017 can be found.

### 7.1 Forecast for 2015

<b>Revenues (gross sales) based on 6,000 sold toys for approximately €35</b>	<b>€210,000</b>
<b>Cost of goods sold</b>	<b>€95,000</b>
<b>Gross profit</b>	<b>€115,000</b>
<b>Fixed costs per year:</b>	
Investment in new web shop	€2,000
Extra fulltime employee for the German market	€23,000
Website hosting	€150
Telephone costs in Germany	€300
Advertising (affiliate marketing , fairs, social media)	€3,000
Travel expenses to a German postal office in Kleve	€1,500
<b>Total operating expenses</b>	<b>€29,950</b>
<b>Gross profit</b>	<b>€85,050</b>

<b>Net profit = gross sales – VAT (19% in Germany)</b>	<b>€68,900</b>
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### 7.2 Forecast for 2016

<b>Revenues (gross sales) based on 11,000 toys sold for approximately €35</b>	<b>€385,000</b>
<b>Cost of goods sold</b>	<b>€175,000</b>
<b>Gross profit</b>	<b>€210,000</b>
<b>Fixed costs per year:</b>	
Improvement of the web shop	€700
Extra fulltime employee for the German market	€23,500
Website hosting	€250
Telephone costs Germany	€800
Advertising( affiliated marketing , fairs, social media)	€7,000
Travel expenses to a German postal office in Kleve	€2,500
<b>Total operating expenses</b>	<b>€34,750</b>
<b>Gross profit</b>	<b>€175,250</b>
<b>Net profit = gross sales – VAT (19% in Germany)</b>	<b>€141,950</b>

### 7.3 Forecast for 2017

<b>Revenues (gross sales) based on 14,000 toys sold for approximately €35 including VAT</b>	<b>€490,000</b>
<b>Cost of goods sold</b>	<b>€227,000</b>
<b>Gross profit</b>	<b>€263,000</b>

<b>Fixed costs per year:</b>	
Extra fulltime employee for the German market	€24,000
Website hosting	€300
Telephone costs in Germany	€1,200
Advertising (affiliate marketing , fairs, social media)	€8,200
Travel expenses to a German postal office in Kleve	€2,100
<b>Total operating expenses</b>	<b>€ 35,800</b>
<b>Gross profit</b>	<b>€227,200</b>
<b>Net profit = gross sales – VAT (19% in Germany)</b>	<b>€184,000</b>

## Conclusion

The main purpose of this paper was to answer the following question:

### **“Should Trendy Spielgoed enter the German market with an online store?”**

This The main research question has been divided into sub questions marketing plan has been divided into sub questions. All the sub questions contribute towards answering the main question.

The first sub question is: What are the strengths, weaknesses, opportunities and threats of the company? The SWOT analysis showed that customer loyalty the main strength of Trendy Spielgoed. The biggest weakness of the company is a shortage of employees. For internationalization the company will need more people. Moreover, internationalization is the biggest opportunity for the company, for it can create a larger customer base and potentially higher profits. The biggest threat is the threat of new entrants to the German market. Especially for companies coming from the EU, it is very easy to open a web shop in Germany.

The second sub question is formulated as: What is the demographic, economic, socio-cultural, technological, environmental and political-legal situation in Germany? Germany is the biggest and most populated country in the European Union. The biggest toy market in the world can be found in Germany. Germany is the sixth largest e-commerce market in the world and the largest in the European Union. As the Netherlands is also a part of the European Union, it is very easy for a company coming from the Netherlands to establish an online store in Germany. Ninety-six percent of Germans aged 14 to 29 years use the internet. Germany is in general a very attractive market for doing business.

The third sub question was: How should Trendy Spielgoed approach the German market (website, marketing tools)? It is very important that the online store is fully translated into German, as well as English. Furthermore, according to the survey, people's first impression of the online store is not positive. Therefore the company should improve the web shop and make it more attractive. Moreover, having a German web domain, for example [www.trendyspielzeug.de](http://www.trendyspielzeug.de), is very important. Using social media, especially Facebook and Pinterest, to promote the web shop is also very important. Further, having a high ranking in different search engines is necessary advisable. Therefore the company needs employees who are fluent in German because they need to write the web shop

content in German and also provide customer service to German-speaking customers. The company is new on the market and not well known. In the beginning it is very important to create brand awareness among German customers.

The last sub question was: What are the German customers expecting? The most popular payment method in Germany is purchase account. Therefore Trendy Spielgoed should offer its German customers this payment method. Fast delivery time is also important for many Germans. It should not be longer than four days. The German online store should be launched in 2015 and a profit is expected already for the first year.

We now return to the main question: Should Trendy Spielgoed enter the German market with an online store? Considering all the sub questions, it can be concluded that Trendy Spielgoed should enter the German market. The company has a significant competitive advantage: it offers different kinds of toys than its competitors. Furthermore, Germany has the biggest toy market in Europe and is also the most populated country. The best entry strategy is direct export because the potential profits are higher.

## Recommendation

To enter the German market Trendy Speelgoed should create a whole new website. First of all, the web domain needs to be German, for example, [www.trendyspielzeug.de](http://www.trendyspielzeug.de). The web shop should also have a more attractive design than it currently has. It is important that all the content of the online store is in the German language. Additionally, the online store needs to be completely translated into English.

Trendy Speelgoed will need more employees for the expansion into the German market. The new employees need to speak German and English. German is very important because the content on the German website needs to be written in German. Moreover, the newsletters and the content on social media needs to be in German too.

It is recommendable to focus on mothers who are using the internet and social media and all other family members who are familiar with internet shopping and social media.

In order to create brand awareness, the company should try to score very high in the different search engines, such as Google and Bing. Scoring high in the search engines creates a better online reputation and a higher volume of potential customers.

Furthermore, it is highly recommended that the company use social media to promote its products because its main target group uses social media. Furthermore, social media allows the company to have a conversation with its customers. Like in the Netherlands and Belgium, the company should use newsletters in Germany. The biggest advantage of using newsletters is that the company can reach its customers directly.

The best entry strategy for the company is direct export. The main advantage of this entry strategy is that the potential profits are higher, because the company does not need to share profits with an intermediary. The disadvantage of this entry strategy is that it requires more manpower. This is not a big problem for Trendy Speelgoed because it will need more employees for entering the German market anyway. The goods should be delivered from the Netherlands to Germany by TNT Post. In the future, when the business in Germany is a success, the company should consider renting a warehouse in Germany somewhere close to the border with the Netherlands. The company should launch the online store in Germany in 2015.

## Appendix I The Survey

### Survey on the online shopping behavior of Germans

**1. What is your age?**

- 18-22
- 23-30
- 31-40
- 41-50
- 50 and older

**2. I identify my gender as?**

- Male
- Female

**3. From which Bundesland are you?**

**4. Do you buy toys online?**

- Extremely Often
- Quite Often
- Slightly Often
- Never

**5. Do you prefer buying toys online or in a physical store?**

- Online
- Physical Store
- Both

**6. Did you ever bought products online from abroad?**

- Yes ( go to question 8)
- No ( go to question 7)

**7. Why did you never buy any product abroad?**

- Never thought about it
- I am not confident whether it is safe
- The language of the website stores is an issue
- Delivery time is too long
- Too expensive

**8. How often do you buy products online?**

- Extremely Often
- Quite Often
- Slightly often

**9. How comfortable are you buying products online from a company you don't know?**

- Extremely comfortable
- Quite comfortable
- not at all comfortable

**10. Which payment method do you use most often when buying products online?**

- Credit Card
- PayPal

- Direct debit
- Purchase on account

**11. How much delivery costs are you willing to pay for a product from Abroad?**

- Nothing
- < €2,-
- 2-5 €
- 5-10 €
- More than €10,-

**12. how long is the consumer willing to expect the goods from Holland?**

- 1 Day
- 1-3 Days
- 3-5 Days
- More than 5 days

**13. How much warranty do you expect from a product?**

- at least 2 weeks
- 2-4 Weeks
- More than 4 weeks

**14. Which of these online web shops do you know?**

- Amazon.de
- MyToys.de
- Uglydoll.eu
- Toysrus.de

- o  none

**15. How many children do you have?**

- o  I don't have children
- o  1-2
- o  3-4
- o  more than 4

**16. What is for you the most important when ordering online?**

- o  Payment methods
- o  Delivery time
- o  Delivery costs
- o  Safety of the website
- o  Price
- o  Warrantee

**17. What is your first impression of the website [www.trendyspeelgoed.nl](http://www.trendyspeelgoed.nl)?**

[www.trendyspeelgoed.nl](http://www.trendyspeelgoed.nl)

- o  Very positive
- o  Positive
- o  Not positive, not negative
- o  Negative
- o  Very negative

**18. Would you consider buying toys at trendyspeelgoed? [www.trendyspeelgoed.nl](http://www.trendyspeelgoed.nl)**

[www.trendyspeelgoed.nl](http://www.trendyspeelgoed.nl)

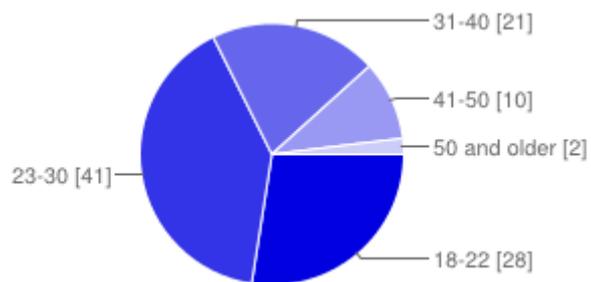
- Yes
- No
- Not sure

**19. What is your annual Gross Income?**

- 0-5000
- 5000-10000
- 10000-20000
- 20000-30000
- More than 30000

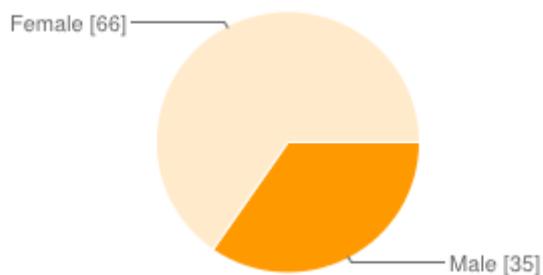
## Appendix 2 Results on the survey

### 1. What is your age?



18-22	<b>28</b>	27%
23-30	<b>41</b>	40%
31-40	<b>21</b>	21%
41-50	<b>10</b>	10%
50 and older	<b>2</b>	2%

### 2. I identify my gender as?

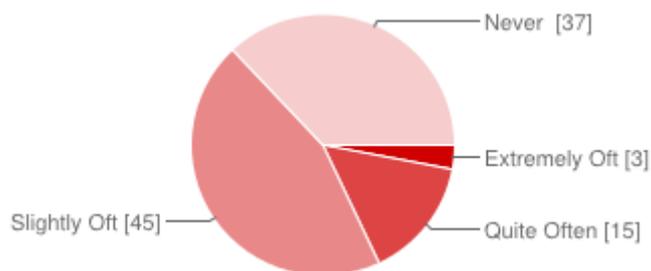


Male	<b>35</b>	35%
Female	<b>66</b>	65%

### 3. From which Bundesland are you?

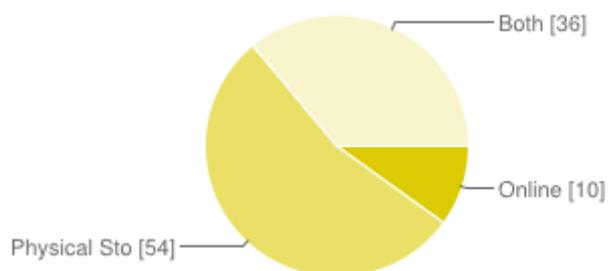
nordrhein and westfalen Brandenburg Bayern Schleswig-Holstein Nordrhein-Westfalen Nordrhein-Westfalen Berlin Baden-Württemberg Baden-Württemberg Nordrhein Westfalenhessen bavaria NRW Nrw Nordrhein westfalen Nordrhein-Westfalen Hessen none Vienna Nordrhein westfalen NRW Niedersachsem Bavaria Niedersachsen BW Rheinland-Pfalz nrw Wien Baden Württemberg I am from Germany nordrhein westfalen Nordhrein Westfalen Saachsen Hesse Baden Würtenburg Rheinland-Pflaz Oberösterreich

### 4. Do you buy toys online?



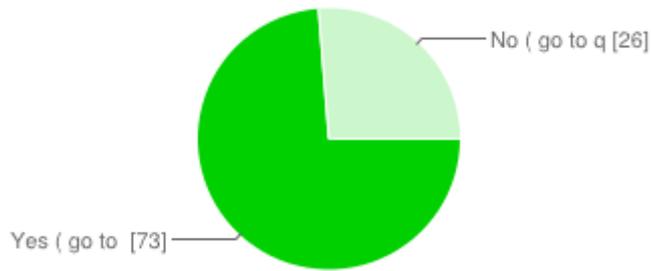
Extremely Often	<b>3</b>	3%
Quite Often	<b>15</b>	15%
Slightly Often	<b>45</b>	45%
Never	<b>37</b>	37%

### 5. Do you prefer buying toys online or in a physical store?



Online	<b>10</b>	10%
Physical Store	<b>54</b>	54%
Both	<b>36</b>	36%

**6. Did you ever bought products online from abroad?**



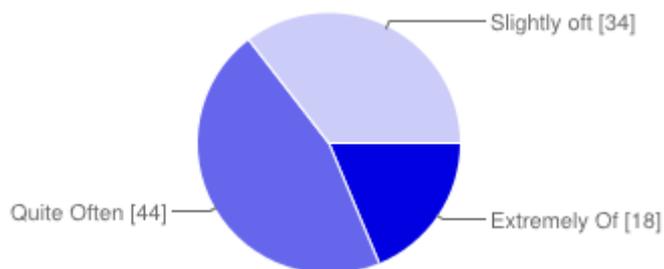
Yes ( go to question 8) **73** 74%

No ( go to question 7) **26** 26%

**7. Why did you never buy any product abroad?**

Never thought about it	<b>10</b>	27%
I am not confident whether it is safe	<b>17</b>	46%
The language of the website stores is an issue	<b>0</b>	0%
Delivery time is too long	<b>3</b>	8%
Too expensive	<b>7</b>	19%

**8. How often do you buy products online?**

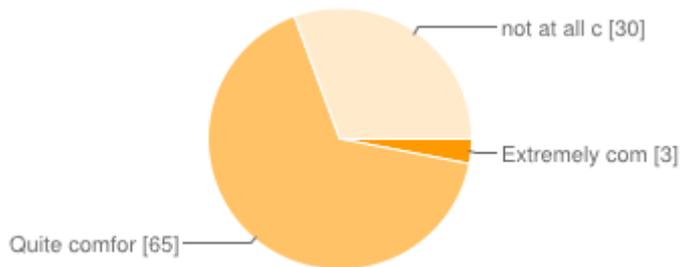


Extremely Often **18** 19%

Quite Often **44** 46%

Slightly often **34** 35%

**9. How comfortable are you buying products online from a company you don't know?**

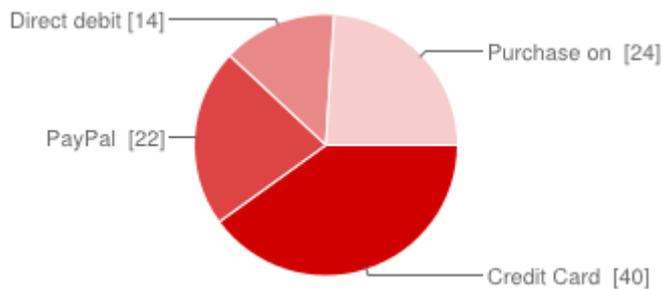


Extremely comfortable **3** 3%

Quite comfortable **65** 66%

not at all comfortable **30** 31%

**10. Which payment method do you use most often when buying products online?**

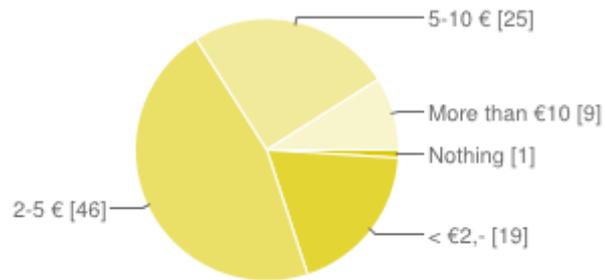


Credit Card **40** 40%

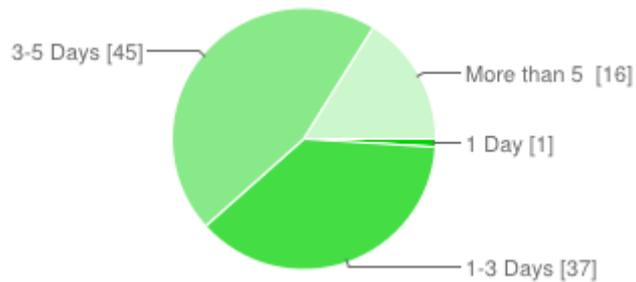
PayPal **22** 22%

Direct debit **14** 14%

Purchase on account **24** 24%

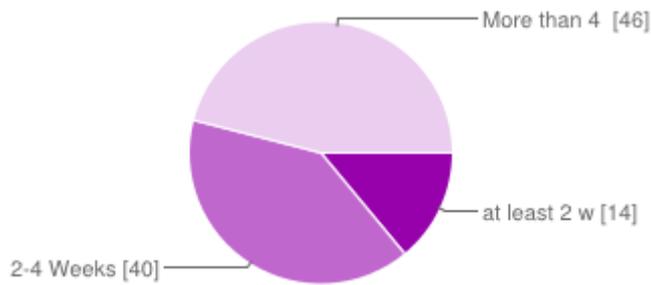
**11. How much delivery costs are you willing to pay for a product from Abroad?**

Nothing	<b>1</b>	1%
< €2,-	<b>19</b>	19%
2-5 €	<b>46</b>	46%
5-10 €	<b>25</b>	25%
More than €10,-	<b>9</b>	9%

**12. how long is the consumer willing to expect the goods from Holland?**

1 Day	<b>1</b>	1%
1-3 Days	<b>37</b>	37%
3-5 Days	<b>45</b>	45%
More than 5 days	<b>16</b>	16%

**13. How much warranty do you expect from a product?**

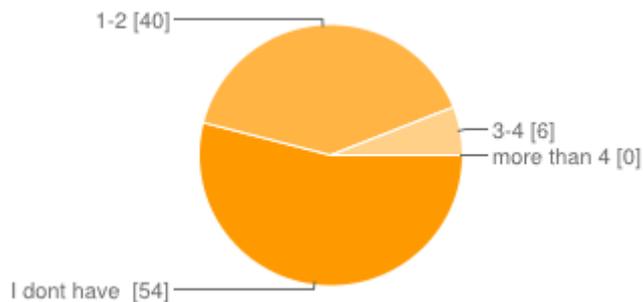


at least 2 weeks	<b>14</b>	14%
2-4 Weeks	<b>40</b>	40%
More than 4 weeks	<b>46</b>	46%

**14. Which of these online web shops do you know?**

Amazon.de	<b>100</b>	54%
MyToys.de	<b>31</b>	17%
Uglydoll.eu	<b>6</b>	3%
Toysrus.de	<b>47</b>	26%
none	<b>0</b>	0%

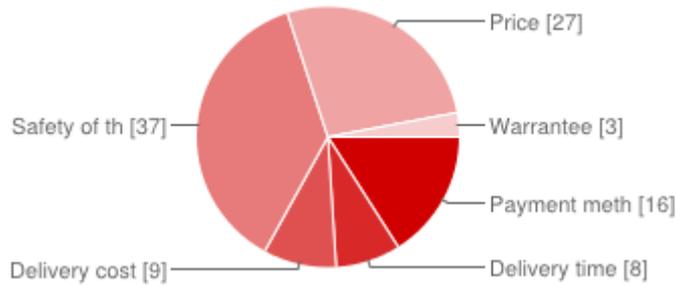
**15. How many children do you have?**



I don't have children	<b>54</b>	54%
1-2	<b>40</b>	40%
3-4	<b>6</b>	6%

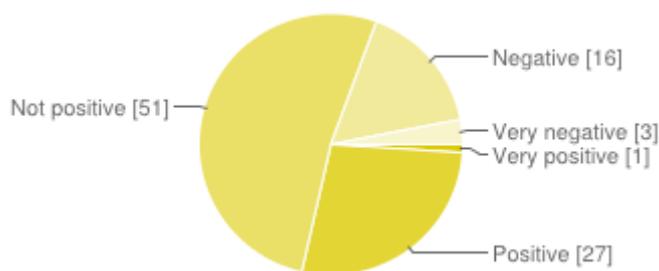
more than 4                      **0**    0%

**16. What is for you the most important when ordering online?**



Payment methods	<b>16</b>	16%
Delivery time	<b>8</b>	8%
Delivery costs	<b>9</b>	9%
Safety of the website	<b>37</b>	37%
Price	<b>27</b>	27%
Warrantee	<b>3</b>	3%

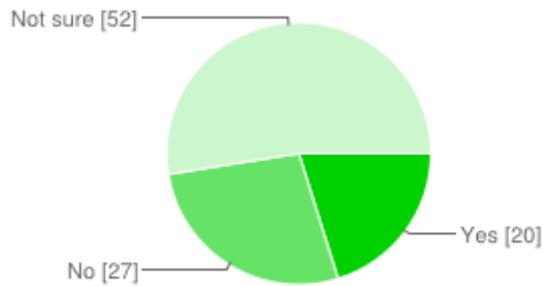
**17. What is your first impression of the website [www.trendyspeelgoed.nl](http://www.trendyspeelgoed.nl)?**



Very positive	<b>1</b>	1%
Positive	<b>27</b>	28%
Not positive, not negative	<b>51</b>	52%
Negative	<b>16</b>	16%

Very negative **3** 3%

**18. Would you consider buying toys at trendyspeelgoed? [www.trendyspeelgoed.nl](http://www.trendyspeelgoed.nl)**

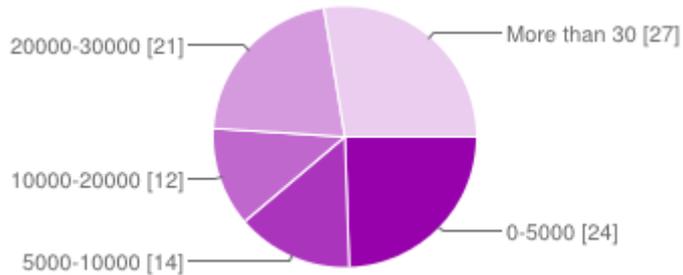


Yes **20** 20%

No **27** 27%

Not sure **52** 53%

**19. What is your annual Gross Income?**



0-5000 **24** 24%

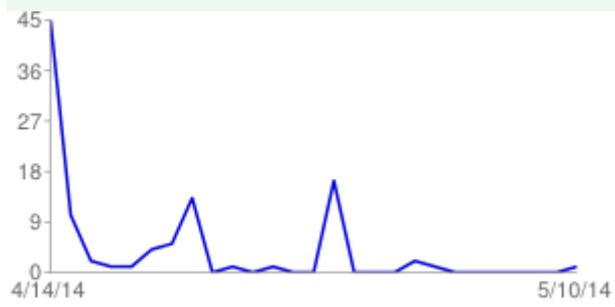
5000-10000 **14** 14%

10000-20000 **12** 12%

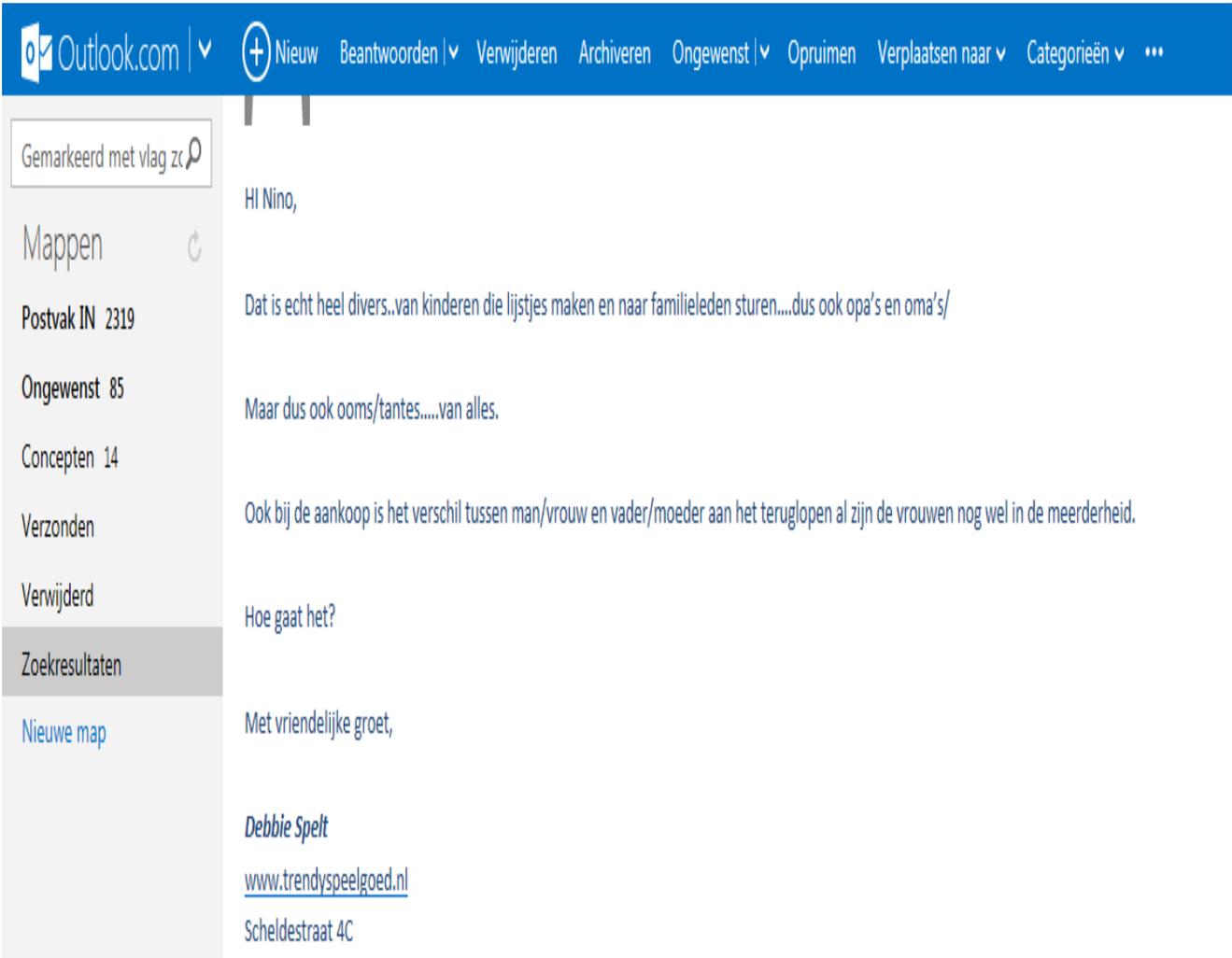
20000-30000 **21** 21%

More than 30000 **27** 28%

### Number of daily responses



## Appendix 3 Target Group



The screenshot shows an Outlook.com email interface. The top navigation bar includes 'Outlook.com' and several action buttons: '+ Nieuw', 'Beantwoorden', 'Verwijderen', 'Archiveren', 'Ongewenst', 'Opruimen', 'Verplaatsen naar', 'Categorieën', and a menu icon. On the left, a sidebar lists folders: 'Gemarkeerd met vlag', 'Mappen', 'Postvak IN 2319', 'Ongewenst 85', 'Concepten 14', 'Verzonden', 'Verwijderd', 'Zoekresultaten', and 'Nieuwe map'. The main content area displays an email from 'Debbie Spelt' with the following text:

Hi Nino,

Dat is echt heel divers..van kinderen die lijstjes maken en naar familieleden sturen....dus ook opa's en oma's/

Maar dus ook ooms/tantes.....van alles.

Ook bij de aankoop is het verschil tussen man/vrouw en vader/moeder aan het teruglopen al zijn de vrouwen nog wel in de meerderheid.

Hoe gaat het?

Met vriendelijke groet,

*Debbie Spelt*  
[www.trendyspeelgoed.nl](http://www.trendyspeelgoed.nl)  
Scheldestraat 4C

## Appendix 4 Newsletter



Oss, 16 mei 2014

Het is prachtig weer, dus hup..naar buiten! Lekker buitenspelen met het nieuwste buitenspeelgoed..op straat, in de tuin, op het strand. Ter inspiratie hieronder leuke tips!

*Alle bestellingen die we binnenkrijgen voor zondagavond 24.00 uur ontvangen automatisch en gratis een leuke trendy gadget t.w.v. € 4,95 bij hun bestelling!*

Fijn weekend en met vriendelijke groet,

Team [TrendySpeelgoed.nl](http://TrendySpeelgoed.nl)

Debbie, Ingrid, Hans, Jan, Jan en Rene



**\*\*\* Lekker actief in de buitenlucht!!!\*\*\***



Rollors!



Quut alto hip desian



Micro Cooter Darts compact

## Appendix 5 Website

The screenshot shows the website <http://www.trendyspeelgoed.nl/> in a browser window. The browser's address bar and tabs are visible at the top. The website's header is orange and contains the 'Trendy Speelgoed.nl' logo, social media icons for Google+, Facebook, Twitter, and Pinterest, and an email sign-up form. Below the header, there are service details: 'HEEFT U VRAGEN MAIL OF BEL: +31 (0)412-647555', shipping information ('Voor 16.00 uur besteld & betaald, dezelfde dag verstuurd'), and a 'WINKELTAS' (shopping basket) showing 'Items 0 | Totaal € 0,00'. The navigation bar includes 'HOME', 'LOGIN/REGISTREREN', 'KLANTENSERVICE', and 'VERLANGLIJSTJE', along with a search bar. The main content area features a 'CATEGORIE' list on the left, a central banner with a child playing with a ball and a goal, and a grid of product categories at the bottom: 'FUN KRUISBOOGSET MET ZUIGNAPDARTS', 'CATAPULT PARAGLIDER', 'MYMINGOLF', and 'A-CLAY CUPCAKES SET'. A vertical chat button 'KLIK HIER voor Chat' is on the left side of the main content area.

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