

## Market Research: Exploring sports cultures in foreign countries



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## Executive summary

This report contains market research, an external analysis and a marketing mix for the company *Le Credit Sportif*. This company develops electronic cash desks and payment systems exclusively designed for canteens of sports clubs. This simple system provides everybody who works in the canteens of these clubs, frequently volunteers, the possibility to work with it. Currently, *Le Credit Sportif* only operates in the Dutch market.

The first part contains an internal analysis with a company profile and more information on the product. To determine if the product would also be successful abroad, a market research has been conducted. The two regions of two different countries that have been chosen are Flanders for Belgium and Nordrhein-Westfalen for Germany. The reason for choosing these countries is because they both share borders with The Netherlands. Moreover, in Flanders, people speak Dutch and in both regions a lot of big cities are situated. In Flanders, all soccer and hockey clubs received a survey to see whether there is a similar culture at the clubs. All omni sport societies in Nordrhein-Westfalen who offer soccer and hockey received the same survey. Not so many clubs replied and some who did indicated that this culture in The Netherlands is much bigger than in Germany. For this reason, the external analysis will only focus on Flanders.

The external analysis gives an overview of the customers, industry, channel and competitors. There is currently no other company that provides electronic cash desk systems exclusively for sports clubs. A sales agent with knowledge about the Flemish market will sell the product to potential customers. Through direct selling, the potential clients will have face-to-face contact and the agent can demonstrate the product.

*Le Credit Sportif* must use its strengths to influence the opportunities that are present in the environment. In the Dutch market they have already achieved a vast knowledge of the sports world and employees can easily influence clients with this.

In the last part of this report the 4 P's of the marketing mix were defined. Using the right marketing tools when entering the new market is important because it should reach a large part of the target group at once. Moreover, cost efficiency plays an important role.

After the external analysis and SWOT analysis it can be said that Flanders would be a suitable market for the product. The main point that the company should take in consideration is the economic crisis.

This could play an important role in the decision making of the clubs. Moreover, as hockey is not such a popular sport the company should focus on other sports.

## Table of contents

1. Introduction.....	2
2. Internal Analysis .....	3
2.1 The Company.....	3
2.2 The product .....	4
3. Market research .....	8
3.1 Problem definition .....	8
3.2 Primary data.....	9
3.3 Secondary data.....	9
3.4 Survey outcome .....	9
3.5 Conclusion market research.....	11
4. External analysis.....	12
4.1 Customers .....	12
4.2 Industry .....	12
4.3 Competitors.....	15
4.4 Channel.....	18
5. SWOT analysis .....	21
5.1 Confrontation matrix.....	22
6. Marketing .....	24
6.1 Marketing objectives.....	24
6.2 Marketing Mix .....	24
7. Conclusion .....	28
8. Recommendation .....	31
9. References.....	32



## 1. Introduction

Sport clubs are often private communities that keep up their maintenance because of the motivation and effort of their members. Clubs are represented by a board and the daily tasks are mainly done by volunteers.

Over the past years, campaigns to promote sports have increased rapidly. Governments, schools and sports unions aim at project on how to stimulate the youth. Even so, sports clubs are having financial problems. They have four types of income, namely contribution, sponsorships, allowances and the bar exploitation. The last point is the reason why *Le Credit Sportif* invented the product. Due to lack of control the clubs do not obtain as much revenue as they should. The gross profit margin should be 60% though many clubs gain a margin of 48%. Furthermore, as there is no real overview of the sold products, clubs are not aware of this problem.

In The Netherlands, it is very popular to watch a soccer or hockey match and drink something afterwards in the canteen. Due to this, clubs can obtain a high bar exploitation. The product of *Le Credit Sportif* is successful in the Dutch Market. Because of this, the company wants to investigate sports cultures in foreign markets to decide.

This report contains a market research for two regions to decide whether the product could be as successful abroad as in The Netherlands. The central question is: 'Which foreign market is suitable for the product of *Le Credit Sportif* and what is the best strategy to enter this market?'

## 2. Internal Analysis

The internal analysis will give an overview of the company's mission, goals and the product.

### 2.1 The company

*Le Credit Sportif* was founded in 2007 and there are currently more than thirty clubs who work with this system. *Le Credit Sportif* focuses mainly on clubs who provide accommodation in a canteen where members hang out after their training or matches. Primary sports are field hockey, tennis and soccer.

The target group is sports clubs with over 300 members. Smaller clubs are not interested in the payment system because it is a too big an investment for them. Therefore, the Dutch market consists of 75% of all sport societies.

The mission of the company:

*'To be market leader in supplying dedicated cash desks and payment systems and related products at sport clubs and societies in the Benelux.'*

The company's main five goals are:

- Before 2011, 5% of the tennis- and soccer market appoint to client portfolio
- Before 2013, 30% of the tennis and soccer market appoint to client portfolio
- Before 2013, begin to introduce product in foreign market
- Before 2013, develop at least two connected products
- Before 2015, 45% of the hockey market appoint to the client portfolio

According to the company's goals it should start to expand within three years. This will be realized by creating a good sales department and by investing in marketing and promotion.

The company's competitive advantage is mainly the difference in focus compared to the competition. *Le Credit Sportif* is currently the only provider of a simple payment system designed **only for sports clubs** in The Netherlands. Other providers of payment systems focus more on the retail and catering industry. These industries work with paid staff and experience is required to work with such systems. People who work in the canteens are often volunteers or members of

the club. The advantage of the payment-system of *Le Credit Sportif* is the ease which means that everybody, even without any work experience, is able to work with it.

## 2.2 The product

The product that *Le Credit Sportif* offers is a simple cash desk and payment system that enables everybody, even those without catering experience, the possibility to work with it. It is possible to log on to the administration from every computer with an Internet connection at any time. Moreover, at any requested moment of the day, a copy of the turnover can be printed. This gives a precise overview of how many products have been sold within a certain period.

The club can decide to give all members a card to pay with instead of paying cash. At the beginning of the year, every member can upload a certain amount of money on the card (everybody pays the same amount). This way, the club has a fixed amount to spend. This is not a raise of contribution for the members because they get something in return, namely their consumptions. An example is given below:

Participating members	1000
Amount to pay	€50,-
Garanteed turnover	€50.000,-
Reserve 33%	€16.500,-
Free disposable	€33.500,-

Figure 1 Free disposable

It is possible to experiment with the new cards with only a small a few members. If this is successful all other members will receive a card. Non-members can buy temporarily cards with a certain amount of money on it.

Another advantage of the card is that when it is scanned to pay, a photo of the owner and his name and age will appear on the screen. This way, teenagers under sixteen cannot buy alcoholic beverages and when the card is stolen is impossible to use it.



The software is designed by WB Services. This is a professional firm who is specialized in card and payment applications. The software is comprised of two parts, the web-based management and the cash desk software that is installed on the terminals. This gives the advantage of not only having a cash desk but also a payment system. The web-based server holds all sold products and will show an overview at any wanted time.

The hardware is characterized by a payment card which is made from mifare cards, a technique that provides extra security when someone pays. The cards are delivered by Delta Card. The cash desk system is a 15 inch touch screen computer that is waterproof and has a card reader and the required software to read them. The hardware is delivered by EUtronix, a distributor point-of-sale, barcode, mobile computing, badge and assembly hardware. The strong distribution channel offers a short delivery time and gives the company the possibility to have a small stock.

The start-up package contains a 15 inch touch screen computer, cash desk, software, drawer, card reader, USB-receipt printer, 20 standard payment cards, assembling and installation. The package costs €3150,- and extra payment cards cost €2,50 each. The company provides a basic service package for €39,- per month and a Full Service package for €69,- per month. An overview of the two packages is given below.



Service package	Basis Service package	Full Service package
Costs per package per month	€39,-	€69,-
Licenses	Yes	Yes
Usage of secured server	Yes	Yes
Automatic back up data	Yes	yes
Manufacturer warranty hardware	Yes	yes
Replacing terminal by damage	Within 3 days	Within 24 hours
Call-out charge by own fault	€89,-	€0,-
Wage by damage of own fault	€42,50 p/h	€0,-
Support via telephone	24/7	24/7
One time free terminal rent per year	No	Yes
Annual revision hardware	No	Yes
10% discount on future purchases	No	yes
extra terminal costs per terminal per club per month	€9,-	€9,-

Figure 2 Service packages

The service contracts are determined for a period of twelve months. Extra accessories that can be purchased are a standard or personalized payment card (starting from 100), customer display and a stock module.

There are three main competitors in the Dutch market, namely Magna Carta, a company that is specialized in creating special cards to provide solutions. De Haan, biggest cash desk supplier on the golf market. Eijnsink, one of the biggest cash desk supplier who focuses partly on the sports market.

*Le Credit Sportif* distinguishes itself by only focusing on sports clubs with a moderate payment system. Besides this, the company offers extensive services and opening hours. This is due to the fact that many sport clubs are open in the evening and during the weekends. For example, when something is wrong with a computer on Sunday morning, one of the employees will go to the club to fix it. The company reaches a wide network and collaborates with market related products such as KNLBT, All United.



Even though *Le Credit Sportif* is the owner of the intellectual property, there still remains the risk that the product is not 100% secured. The underlying techniques are easy to copy by competitors. To maintain the competitive advantage, the company must invest in the development of the concept, product and marketing.

### 3. Market research

#### 3.1 Problem definition

The objective of this market research is to determine whether there are other countries with comparable sports cultures and habits and if so, if the cash desk and payment system of *Le Credit Sportif* is suitable for this country. The main reason to expand is because the Dutch market will soon be saturated. The main information that is required for the research are the number of sports clubs, the number of members and if there exists a comparable culture at the club.

Before this market research was conducted the company had already thought about which countries would be interesting as new markets. They mainly focused on countries that know a similar style of sports cultures and facilities that are present at the club. One of the findings was that France does not know a similar culture, in contradiction to Germany and Belgium where we find quite a similar culture. Taking this into account, the research will focus on these two countries. To define the market, two regions of the countries will be chosen for this market research (QuickMBA, 2007, Marketing Research).

##### Step 1 → Research Design

In order to decide if the product is suitable for the foreign market the research will explore two regions. For Belgium, the chosen region is Flanders because the inhabitants mostly speak Dutch and it is adjoining The Netherlands. Moreover, in this part of the country most big cities are situated and the standard of living is higher.

For Germany, Nordrhein-Westfalen has been chosen because this is also an adjoining region and because a lot of big cities are situated in this region such as Dusseldorf, Cologne, Dortmund, Bonn and Oberhausen. See appendix 1 for the maps of these two regions.

##### Step 2 → deciding on the research methods

### 3.2 Primary data

A survey will be send via e-mail to all hockey and soccer clubs in Flanders. In Germany it is more likely to find omni sports clubs, this is where several sports are being practiced. Sometimes they offer 10 different types of sports. The survey will be send to all German sports clubs that offer at least hockey, tennis or soccer. See appendix 2 till 5 for the surveys and the emails that have been sent with it.

During the entire research process inhabitants of the two regions will be asked to give their opinion about the sports culture. The main question that they will answer is: *is it common to hang out and drink something in the canteen after a training or a match? Is there a difference between certain sports?*

The outcome of these questions will be used in the decision-making of which country would be most suitable. However, it could be that both regions are suitable for the product. In this case, both regions will be further analyzed by performing an external analysis.

The sports clubs will be judged on the following criteria:

- Number of members
- Age of members
- Present facilities
- Habits, are people staying after the match in the canteen of the club?

### 3.3 Secondary data

Secondary data will be used to learn more about the regions' environment. Moreover, secondary data will be used to find the e-mail addresses of the clubs.

### 3.4 Survey outcome

#### Belgium, Flanders

During the process of sending the survey, it became apparent that there are many indoor soccer societies with only fifteen or twenty members. These societies rent a court at sports complexes once a week to play soccer. Taking this into consideration, sports complexes could

also be potential customers of *Le Credit Sportif*. They almost always own a canteen with lots of regular visitors.

Fortunately many clubs filled in the survey of which eleven could be potential clubs. They each have more than 250 members that own a canteen where volunteers or members work. Moreover, a frequently given answer was that a treasurer keeps up the administration in Microsoft Excel. This is a very positive outcome for *Le Credit Sportif* because their system registers the entire selling process of products through which all data do no longer need to be entered manually. All other clubs who do not match the target group did either not have a canteen or a too low number of members.

When looking at the criteria on which the clubs have been analyzed it can be said that Flanders could be suitable for the product of *Le Credit Sportif*. It has to be clear that this only involves the culture and facilities at the club. The external analysis should determine whether the Flemish market is really a suitable market.

It is remarkable and that all potential customers are situated in Antwerp. This could be an advantage for the company because it can start the promotion in this region which will cut down on costs and effort. In the following chapters the market will be further explored. See appendix 6 for the results of the potential customers.

### **Germany, Nordrhein-Westfalen**

The outcome of the survey for the German sports clubs is, unfortunately, not as valuable as for Belgium. Firstly, many clubs did not fill in the survey and secondly the ones that did reply indicated that the habit we know in The Netherlands is not as big in Germany. The members do stay for a drink after their training or match but it is more common to meet in the city center afterwards in bars or 'Kneipe'<sup>1</sup>.

Another important factor is that these omni societies have a much higher number of members, sometimes around 2000. For this reason the staff in the canteens is paid and will probably have

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<sup>1</sup> Kneipe is a small pub that serves mainly beers, but also non-alcoholic beverages. The pub is visited by regular customers.

some experience with catering. Due to this, Nordrhein-Westfalen will not be further analyzed in this market research. However, because not all the clubs answered it must not be concluded that this region is not suitable for the cash desk and payment system. See appendix 7 and 8 for the data and surveys with commentary.

### 3.5 Conclusion market research

Though Flanders is a suitable market it is remarkable that 99% of the soccer clubs who responded come from the state Antwerp. There is no real explanation for this, though it could be seen as a sign that this state is maybe best to start with. The main advantage is the fact that the selling process can start in this district and not the complete region. *Le Credit Sportif* could also see this district as a test market (Verhage, 2004, pg. 266, para 5.6.1). This district could show a reflection of the complete region.

The hockey clubs of Flanders hardly respond to the survey, only two clubs did and neither were matching to the profile of the target group. Although there are 65 hockey clubs registered at the KBHB<sup>2</sup>, this sport does not occur in the top 20 of popular sports.

Flanders has about 17.000 subsidized sports clubs. The main sports are indoor soccer, soccer, cycling and martial arts. This facet will be taken into consideration in the external analysis (Poppel v. M, 2008, Cijferboek Lokaal Sportbeleid 2008-2010).

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<sup>2</sup> Royal Belgium Hockey Bond

## 4. External analysis

After the conducted market research it is clear that Flanders could be a suitable market for *Le Credit Sportif's* product. In the following chapter the external environment will be investigated, containing a profile of the customers, industry, competitors and channels, thus the meso environment. The DESTEP-analysis will be implemented to get a better overview of the external market, the macro environment and to effectively profit of the chances and threats that are present in the environment where the company will operate.

### 4.1 Customers

The potential customers are owners of sports clubs who own a canteen where members go after their training or match to drink something and have some snacks. Besides this, the canteen's staff consists of members or volunteers without any catering experience. It is important that the canteen is ran by the club completely.

As can be seen from appendix 6 there are 11 sports clubs who matched the target group and will be referred to as potential customers. The clubs indicated that there is a canteen present where volunteers work and where it is common to hang out after the training of match.

Since most sports clubs indicated that they keep up their administration via a member of the club who works as a treasurer, the electronic cash desk and payment system could simplify this process for them. Moreover it can increase the bar exploitation due to more control on the sold products.

The potential customers are price sensitive. As the product is quite expensive, clubs with not so many members will consider it as a too big an investment. *Le Credit Sportif* already noticed this in the Dutch market.

### 4.2 Industry

In this part the industry will be investigated to measure the market attractiveness and to get an overview of opportunities and threats in the industry. The outcomes are necessary to formulate growth strategies and to set marketing objectives.

Furthermore, the market will be analyzed by DESTEP-factors, meaning demographic, economic, social-cultural, ecologic and political. These factors influence each company in the industry and they have a direct influence on the market size and with that on the market attractiveness. The DESTEP analysis can be found in appendix 9.

Bloso, Bevordering van de Lichamelijke Ontwikkeling, de Sport en de Openluchtrecreatie<sup>3</sup> is the sports administrator of the Flemish government. They hold responsibility for subsidizing Flanders' sports federations and promoting sports. By promoting sports campaigns, the organization hopes to get the Flemish youth in contact with sports (Bloso, 2010, Over Bloso).

There are currently around 18000 sports societies in Flanders. Indoor and mini soccer represent the largest group with more than 2500 clubs and soccer represents the second largest group with over 2400 clubs (Poppel v. M, 2008, Cijferboek Lokaal Sportbeleid 2008-2010).

To determine the market size, it is important to take the development of active members of sports clubs into consideration. The table below shows that the number of active members has slightly increased over the past years but remains more or less stable. This number includes both men and women of every age.

Year	N° of active members	% of total people questioned
2000	325	24,30%
2001	271	18,80%
2002	283	19,20%
2003	255	17,90%
2004	313	20,20%
2005	299	19,70%
2006	334	21,80%
2007	300	20,70%
2008	311	21,30%

Figure 3 active members of sports clubs

When looking at these numbers it is important to measure the margin to represent the overall number.

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<sup>3</sup> Improvement of Physical Development, Sports and open-air recreation



Belgium has 10,4 million inhabitants with a reliability percentage of 50% and a margin of 5% it indicates that the measured group needs to consist of at least 385 people. Since the group exists of 1463 people this research can be used to represent the Flemish population (Alles over marktonderzoek, 2009, steekproefcalculator).

Another important factor to determine the market size is by measuring the sports clubs index. This index reflects the number of clubs per 1000 inhabitants, only for Flanders. For each state the number of clubs will be divided by the number of inhabitants. The outcome will be multiplied by 1000 and this is the number of clubs per 1000 inhabitants.

The index for Flanders is three meaning there are three clubs per 1000 inhabitants. Both Antwerp and East-Flanders have a lower index number. Limburg has an index of 4,37, which is much higher than the index of Flanders. West-Flanders and Flemish-Brabant do not differ so much from the Flemish index. See table below for exact index numbers (Poppel v. M, 2008, Cijferboek Lokaal Sportbeleid 2008-2010).

	Index
Limburg	4,73
Oost-Vlaanderen	2,73
Antwerpen	2,12
Vlaams-Brabant	3,09
West-Vlaanderen	3,41

Figure 4 sports clubs index

Please note that the index number does not represent the number of members. Moreover, in regions with many cities, the index number is lower due to the high number of citizens.

The Flemish government subsidizes 60% of all sport societies. For instance, 47% of all indoor soccer societies are subsidized and 64% of field soccer societies are subsidized. In 2008, the total allowance for all societies was over €17 million. This is 44% of the total allowance that goes to third parties. This high number indicates that sports are very important in the Belgian society. The government decides on an amount for allowances and gives this to Bloso. Together with the local authorities Bloso will decide on which clubs will receive a higher amount. Factors that play an

important role in this process are top sport, number of member and, acknowledged (Blosso jaarverslag, 2008).

The sports market stays more or less stable, meaning that there is no real growth in the number of sports clubs. Even so, the market is sensitive for the promotion of sports. After the project 'start to bike' which promoted cycling, there was an increase in the number of cyclists. This shows that the promotion campaigns of Blosso do have a positive effect.

The last part of the industry analysis comprises Porter's five forces model. See figure below.

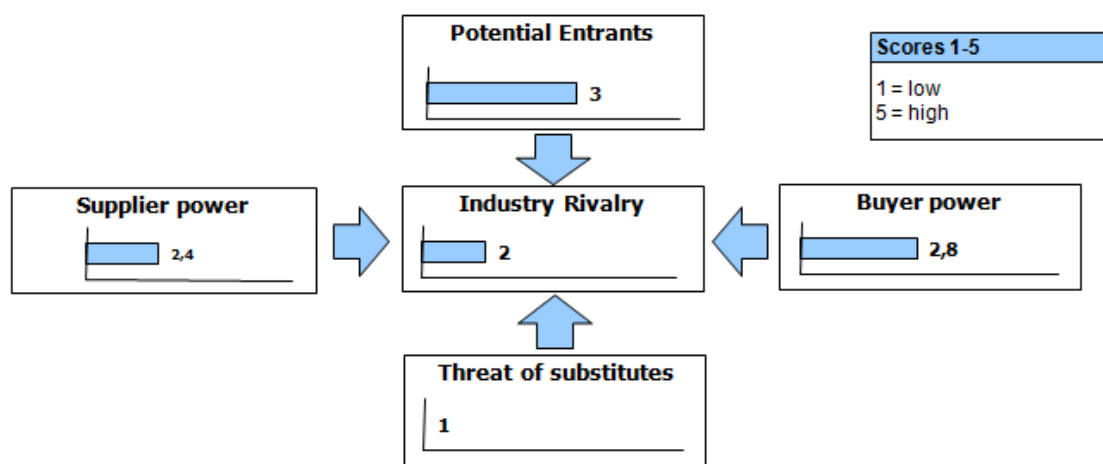


Figure 5 Porter's 5 competitive forces

The scores have been determined by a questionnaire that can be found in appendix 10. As can be seen from the figure, the threat of potential entrants is the highest, meaning that they are the biggest threat. The treat of substitutes has the lowest score because there are currently no substitute products in the market. The power of suppliers and buyers does not differ so much from each other.

### 4.3 Competitors

The competitor analysis gives the company an overview of the existing suppliers who offer a similar product. All competitors will be evaluated to determine their strengths and weaknesses and compare overlapping activities.

There are two types of competitors; direct and indirect competitors. Indirect competitors are companies who offer a similar product but for different needs. For instance, companies who offer an electronic cash desk system but to a different industry, such as retail or catering. Direct competitors are companies who offer the same product to the same target group (Alsem, 2005, pg. 175).

After all competitors have been explored, the main competitors of the company will be chosen. They will be criticized by similarity of the product but moreover, in which branches they already operate. If competitors operate in the sports industry, they are more competitive than those only operating in retail industry.

### **Clixx Services and Solutions**

Website: [www.clixx.be](http://www.clixx.be)

Clixx offers electronic cash desk systems to the following target groups: bakeries, company canteens, fast food restaurants, catering, hairdresser, hospital etc. The company also focuses on the traiteur industry with a program called Meals@Home. The designed programs for the traiteur makes production and delivery lists and takes special diets into account.

Overlapping activities: the current target groups of Clixx are not similar to the group of *Le Credit Sportif*. However, it would be easy to design a cash desk system for sports clubs. Due to this, Clixx is considered to be an indirect competitor.

Strengths: large target group, broad assortment

Weaknesses: too many different activities

(Clixx, 2010, kassa)

### **Casio Benelux**

Website: [www.casio-europe.com](http://www.casio-europe.com)

The headquarters of Casio Benelux are situated in The Netherlands. Their main strategy is to develop innovative and creative products. Casio Belgium is distributor of cash desk systems and specialized in the catering industry.

Overlapping activities: Casio Benelux is an indirect competitor because the electronic cash desk systems only designed for retail and catering.

Strengths: strong brand name

Weaknesses: payment systems are not their primary product group

(Casio, 2010, afrekensystemen)

### **Generix Group**

Website [www.be.generixgroup.com](http://www.be.generixgroup.com)

The main advantage the cash desk system that Generix Group offers is customer information. For example, at the headquarters people decide on relevant information for the customer. When the customer is at the cash desk, the voucher prints extra information that is relevant to his or her purchase. This is not only positive for the CRM, but also the import of customer data.

Overlapping activities: Because it does not offer cash desk systems to canteens make this company an indirect competitor.

Strengths: The headquarters can control the network of local shops, it's reliable and the system has different functional data that are also controlled. The way of using Customer Relationship Management is practical for the shops. There is already a connection with the sports world.

Weaknesses: In the catering industry, the Customer Relationship Management cannot be done by printing extra information on the voucher.

(Generix Group, 2010, kassasystemen)

### **Alfa Zet**

Website: [www.alfa-zet.be](http://www.alfa-zet.be)

Alfa Zet offers cash desk systems for every industry. All systems can be personalized for instance, a reservation link can be implemented for a hotel. Alfa Zet has a showroom where all the possible cash desks are demonstrated. When the product is delivered, the employees get a training and an employee of Alfa Zet will stay to answer questions and to see if the computer is being used correctly.

Their goal is to register fast, easy, optimal security and to get a clear overview of the company's progression.

There are currently 2000 licenses installed in Belgium and The Netherlands. It is remarkable that there are many restaurants, bakeries and some golf clubs but no other sport societies.

Overlapping activities: The company is already active in the canteens and restaurants of golf clubs. This means that Alfa Zet should be considered to be a direct competitor, but also because the systems can be customized. It is easy for them to implement their product in the canteens of other sports clubs.

Strengths: Possibility to personalize the system for every branch. Also operates on the Dutch market.

Weaknesses: Only focusing on one sport

(Alfazet, 2010, Alfa Touch)

None of the above competitors have the same distributor as *Le Credit Sportif*. This means that the industry is not dominated by a only a small group of distributors and that the company will not use the same distribution channel as other providers of cash desk systems. Alfa Zet has a partnership with systems IBM and NCR. Clixx cooperates with Toshiba and Generix Group only sells software but does not install it on any cash desks. Casio designs both hardware and software though it depends on the customer if they install their own software on it.

The company has a differentiation advantage because it distinguishes itself from competitors by focusing on a completely different market segment. Though they all offer more or less the same product, the target group differs strongly.

#### 4.4 Channel

In this part, the best distribution channel will be chosen to enter the Flemish market.

Before a channel is chosen the company should consider three important decisions:

- Decide on channel's objectives
- Decide on distribution channel
- Decide on management of the distribution channel

(Alsem, 2005, pg. 194, para 7.1)

Since *Le Credit Sportif* will not open a store to sell the products and there is no other company with which it can start a strategic alliance there remain two options: a sales agent and a distributor. Each will now be further explained.

##### Sales agent

When the company hires a sales agent, this comes with many benefits. A Sales agent works on commission, thus if he does not sell enough products the company will not lose a lot of money.

Even though an agent works for a company, he will remain independent. It is important to discuss where the product will be sold. The agent will be the face of the company in the new market. It is therefore recommendable to hire somebody who knows Flanders and the business culture.

### Distributor

A distributor is a person who buys the product of the company after which he sells the product in the new market. The main advantage for the company is that it does not have to do much, the distributor is completely responsible for the selling process. Moreover, a distributor does not work on commission and has to buy a stock (MKB Service Desk, 2010, handelsagent of distributeur bij export?).

The figure below illustrates the current distribution channel.

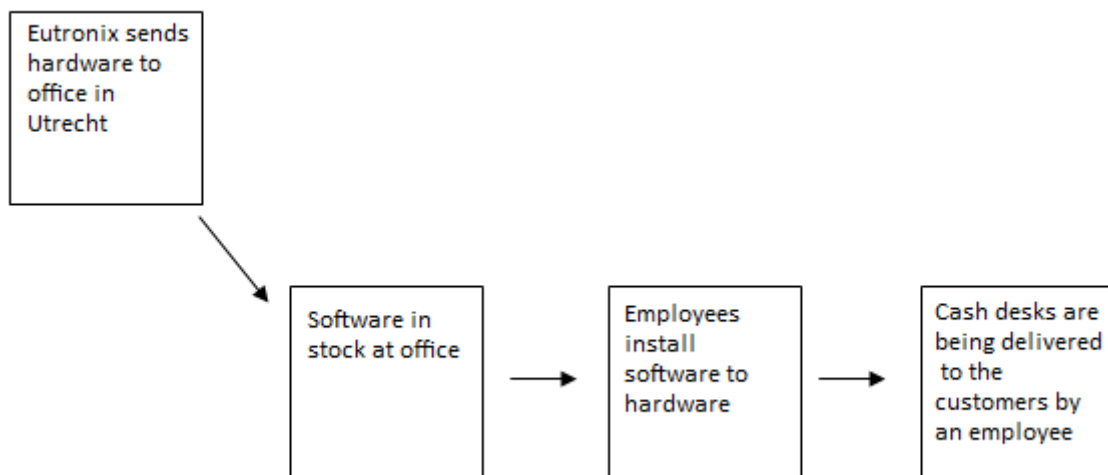


Figure 6 distribution channel

As can be seen from the figure, the current channel is quite simple. Eutronix is situated in Wavre, not far from the Belgian capital. The company orders the hardware, Eutronix sends it via mail and the employees at the office install the software. When the cash desk system are finished, somebody will drive to the customers to install it. This distribution channel is quite short, because not many logistics are involved and the employees do a lot by themselves.

If the same channel will be adapted in Flanders, a sales agent would be the best option. If he has the possibility to work from his home, all he needs is a computer, a larder to keep some software and a telephone. If he gets an order of a client he can order the hardware at Eutronix. After he receives this he can install the software, drive to the customer and install the system. This is a very cheap and fast way of distributing.

The Chamber of Commerce in Belgium does not have a commercial register to easily find sales agents. A cheap alternative is to place an advertisement on Monster.be. The company can design a profile of the perfect candidate and post this in the database. Some characteristics of the perfect candidate would be:

- Somebody who likes sports
- Commercially driven, preferably with a bachelor diploma in marketing or sport management
- Technical skills
- Sales experience 3-5 years
- Living in Flanders and good know-how about the culture

## 5. SWOT analysis

The SWOT analysis gives a structured overview of a company's Strengths, Weaknesses, Opportunities and Threats. After the model is conducted, a strategy can be formed.

Strengths	Weaknesses
<b>S1.</b> Focus exclusively on sports clubs <b>S2.</b> Investing in marketing department <b>S3.</b> Provide outstanding service <b>S4.</b> Good relation with distributors	<b>W1.</b> Product price perceived to be too high for smaller clubs <b>W2.</b> Sales agent needs training <b>W3.</b> Investment could be bigger than turnover <b>W4.</b> Dependable on distributors
Opportunities	Threats
<b>O1.</b> No supplier for cash desk system at sports clubs <b>O2.</b> Introduction in international market <b>O3.</b> Expansion of network	<b>T1.</b> Competitor could develop similar product <b>T2.</b> Market may become price sensitive <b>T3.</b> Economic crisis

Figure 7 SWOT analysis

The next step is to formulate a confrontation matrix, this is a combination of the strengths, weaknesses, opportunities and threats.



## 5.1 Confrontation matrix

### S1 + O1

The fact that there is currently no other provider of cash desks systems at sports clubs, gives the company the possibility to be the first. Moreover, they already have experience in the Dutch market so they are aware of the needs of their target group.

### S2 + O2

Because the company is currently focusing on the development of a marketing department, this could be very useful when entering the new market. The company should make the Flemish sports clubs aware of their entrance in the market.

### S2 + T1/T2

As soon as *Le Credit Sportif* enters the market, competitors might start to develop similar products or focus on the same market segment. As a result, the market will become price sensitive. However, the competitors focus on several segments and *Le Credit Sportif* only on one. Besides this, they have far more knowledge about this segment, which gives them the lead.

### W2 + O4

If the company hires an agent with experience, there is a chance that this person already has an extensive network. Even so, the company will meet new clients through the agent, thus it will expand its network.

### W2 + O3

The sales agent needs to be trained. He or she must know how the product works, how to install it and how to sell it. This takes time for the current employees, however, once the agent is completely familiar with the product and company this will be a great advantage. The Dutch employees do not have to travel to Flanders so often and they will create a new network via the agent.

### W1 + T1

As the smaller clubs in The Netherlands already pointed out, the investment for them is too big. Taking this into consideration, it might be possible that competitors develop a similar product, yet cheaper.

### **W3 + T3**

It is impossible to say if the sports clubs are suffering from the economic crisis. If this is true, and they have not enough money to invest, the company should consider introducing the product in a few years or develop a cheaper system.

### **Conclusion**

The strengths of the company can influence the opportunities in the market. The main threat is competitors who could adjust their products to the same market segment. This threat could be covered by investing in a marketing department. Though customer relationship management is also an important factor here, such as service or maintenance, the potential clients are more important because they can still be influenced in their decision making. But when the market becomes price sensitive, the outstanding service will play an important role. If the company has build a good reputation for service and quality, the price will not be the most important factor for most clubs. The sales agent needs training to get familiar with the product. However, if he is already familiar with the market he could bring in a large network. From the confrontation matrix we can conclude that the most important weaknesses and threats can be covered by opportunities and strengths.

## 6. Marketing

After the internal and external environment have been analyzed and a strategy is formulated, this chapter will now focus on the growth and marketing objectives of the company. *Le Credit Sportif* will introduce its current product to a new market. This is called market development. A new market is selected where the same product will be sold. The main reason for market expansion is when a company operates in a saturated market.

### 6.1 Marketing objectives

The company only has one target group; sports clubs. The marketing strategy that will be used is concentrated marketing. This form of marketing means that a product is designed only for a small niche of the market. It is very effective because it enables the company to achieve a strong market position. Another aspect of this type of marketing is the fact that mass marketing or production is left out. This strategy will be implemented in the promotion part of the marketing mix (Alsem, 2005, pg. 283, para 10.2.4).

### 6.2 Marketing Mix

By using the Marketing mix, the company can improve their results but more importantly their marketing effectiveness. *Le Credit Sportif* does not use many marketing tools on their current market. However, to introduce this product in the new market it is recommendable to use at least some to raise the awareness of people. The four P's, Product, Price, Place and Promotion will now be further discussed.

#### Product

Though the characteristics of the cash desk and payment system are simple and user-friendly, all materials are of high quality. It sometimes happens that there is a small problem with the system, in this case an employee will come to the club and fix it. The company provides outstanding service to maintain a good relationship with their clients. All clients that have a maintaining contract have a warranty on the product. Besides this, Eutronix offers a two year warranty on the hardware. It is clear that the product was designed to fulfill the needs of sports clubs. The system guarantees stability for the future of the club in an easy way (Verhage, 2004, pg 370, para 7.5).

## Price

The promotion costs have to stay as low as possible. If the sales agent attends the *Forumdag* of the Flemish Sport Federation (see promotion) this might even be for free and he will reach a large part of the target group. Optional flyers and business cards can be printed cheap, though they must look professional.

Advertisements costs on Monster.be. The costs of placing a vacancy on Monster.be vary per package.

The cheapest package is €540, - and contain the following advantages:

- Vacancy place don website within one hour
- Display of company logo and name
- National and international
- Option to adjust vacancy 24/7
- Customer service
- Vacancy 60 days online

The second option in CV database containing the following advantages:

- Access to large resume database in Belgium
- 24/7 option to look for candidates
- Receive resumes via e-mail
- The number of views determines the costs of the package. One month with 100 views costs €750,- and six months with 500 views costs €2750,-

(Monster, 2009, alle producten)

There is a significant difference between the prices and services of these two packages. It is though recommendable to place an advertisement on Monster.be, because for websites such as Adecco you need to pay a lot more money to place a vacancy in their online database. Moreover, once a suitable candidate is found and hired, the company still needs to pay a fee to Adecco. The price is determined on the financial data of the company and the gross annual salary of the new employee.

Furthermore, all costs related to the sales agent such as salary, fuel and phone bill must be taken into account. An online salary check was used to calculate the average salary. For a man, around

28 years old with four years of work experience and a higher education diploma, the gross salary is €1716,- per month when working 40 hours a week. This gross salary does not include (holiday) allowances and bonuses (Loonwijzer, 2010, salaries check).

The costs for fuel and phone cannot be calculated yet because this depends on the number of clients where they are situated. However, these costs must be determined in the contract to avoid conflicts.

### Place

The place refers to the contract of the sales agent, logistics, channel members and Internet. To start with the contract of the sales agent, an example is given in appendix 11. An important aspect of this contract is the place. This determines which law will be used in case of any conflicts. Because the sales agent works for a Dutch company, the Dutch law will be used. However, this is not always possible. If a controversy appears, the company will choose the Dutch law. Because this is not always possible, the two parties can opt for arbitration, where disputes outside the court will agree with one of them. The main disadvantages are the costs and that there is no possibility to appeal. However, this is much more flexible and there exists the possibility of getting an arbitrator who has experience with the subject. However, good agreements in the contract can prevent conflicts (Veldman, 2004, pg 546, para 12.1.3).

The hardware will be sent by Eutronix to the office where the sales agent works, this could also be at his house if he has the facilities to work from there. He will have a small stock of software which will be sent from the office in The Netherlands. The sales agent will install the software and go to the client to install the complete system. This is the same channel that is used in The Netherlands, thus the channel members are Eutronix, employees at the office in Utrecht, software provider and the sales agent.

Internet will be a very useful tool for the potential clients to find information about the product and contact details of the agent.

### Promotion

To reach the target group, the company has several options to promote its product. The first option is to attend the *Forumdag* of the Flemish Sport Federation. During this day, all members of

this federation will be present, thus the potential customers. They will brainstorm about ideas for the future and workshops are being held. One of the seven values is Innovation with a focus on the sector. A demonstration at this assembly could be a good opportunity to reach a large part of the target group in one day. Moreover, the product is accordance with one of the seven values of this assembly. The Flemish Sport Federation organizes more days where the members get together though this is for smaller groups. During this days members get trainings or information for their specific sport (Vlaamse Sport Federatie, 2009, Beleidsplan 2009-2012).

Another option is to promote the product at *Jansen-Fritsen*, a distributor of sports articles. This distributor is situated in Lummen, not far from the Dutch border. The company offers all kinds of balls for many sports. This is a good place to reach a large part of the target group and also introduce the product to owners of sports clubs who do not offer soccer such as basketball or volleyball etc. The cash desk system could be demonstrated or they could hand out flyers at the counter with telephone numbers, e-mail addresses and referring to the website for more information (Jansen-Fritsen, 2010, zaal- en buitensporten).

## 7. Conclusion

*Which foreign market is suitable for the product of Le Credit Sportif and what is the best strategy to enter this market?*

After the conducted research it can be said that Flanders is a suitable market for the product of *Le Credit Sportif*. Sports clubs in this region offer the same facilities and the culture at these clubs is similar to that of The Netherlands.

Because many German clubs did not fill in the survey it is not possible to conclude that this region is not suitable. Moreover, some of the respondents mentioned that the habit is much bigger in The Netherlands than in Germany. But this country is very large and it might be possible that in another region, for instance Bayern, this habit is more common. Maybe even for a completely different sport. For this report, Germany has not been further explored but it cannot be concluded that this market is completely unsuitable.

After analyzing the external environment we can conclude that *Le Credit Sportif* distinguishes itself from competitors on several levels. The target group is very specific and over the past years the company has collected a lot of knowledge about it. Due to this it can provide outstanding service to its customers and understand their needs.

The number of active members of clubs remained very stable over the past years. The outcome of a promotional campaign for cycling showed that people are very sensitive for this. Since sports are more and more promoted at schools it could be that within a few years the market size will increase.

The company has a strong market position in comparison to its potential competitors. The competitive advantage is to be the first supplier of electronic cash desk and payment system exclusively for sports clubs. The competitors do not have the same distributor for their hardware which is also an advantage because otherwise the distributor's power will increase. Due to the short and cheap distribution channel, the company can spare money and invest this in the development of new products or markets.

A sales agent is a good entry strategy for the new market, because it is not so expensive and very effective. The agent will work on commission by

which he will provide good quality in order to get his targets. He will be the face of *Le Credit Sportif*'s new market and it is important that he shares the same values to translate these to the clients.

### Strategy

There are four possible strategies:

- Attack strategy
- Defend strategy
- Strengthening strategy
- Withdrawal strategy

(Wikipedia, 2010, Sterkte-zwakteanalyse)

After examining three models, Porter's 5 competitive forces, SWOT-analysis and the confrontation matrix it can be said that the best strategy for *Le Credit Sportif* to enter the new market is an attack strategy. The company must use its strengths to influence the existing opportunities in the new market.

The strategy will focus on costs. All costs to enter the new market must stay as low as possible. For example, the distribution channel is very short and low budget. A sales agent works on commission and the salary is not above average. Although the strategy focuses on low costs this does not mean that the quality should be average. A sales agent who works on commission will be more motivated to sell and to keep in touch with the new or potential clients. Quality and service will always be provided.

*Le Credit Sportif* will have the same competitive advantage as it has on the current market namely, being the only provider in electronic cash desk and payment systems exclusively for sports clubs. This is such a positive strength that it can be used in the company's entry strategy.

The promotion must be focused on their strengths:

- Focus exclusively on sports market
- Investing in marketing department



- Provide outstanding service
- Good relation with distributors

Because the target group consists of a small niche of the market it will be easy to reach a large group in one time, for instance at a conference or training. If the costs remain low and the results will be high this is an effective way of reaching the target group.

## 8. Recommendations

After doing research on the Flemish market it became clear that the sports market is very stable. There is not a very noticeable increase or decrease in the number of active members nor in the subsidies that are provided by the government. Moreover, since there is a positive effect on promotional campaigns it might be that the market will increase in the upcoming years.

However, the economic crisis is still playing an important role. People have to cut down on the expenses and this is noticeable in every sector. Even though the entry strategy is focused on keeping the costs as low as possible it are the clubs who eventually must invest as well. Since the market is determined and proven to be quite stable I would recommend *Le Credit Sportif* to wait a year before entering this market. As long as the Dutch market is not completely saturated they can better focus on this first, but keeping in mind that the Belgium market is suitable.

In The Netherlands, the company focuses on soccer, tennis and hockey. All employees play or have played one of these sports, so combined they have a broad knowledge. After doing the market research, it became clear that hockey is not as popular in Belgium as it is in The Netherlands.

Soccer, both field and indoor, is the most popular sport of Belgium. *Le Credit Sportif* could consider to focus on another segment of the sports industry, such as cycling. This sport is very popular in Belgium and so are the martial arts. This would be a completely new target group for the company so this would take some research as well. Where do cyclers hang out after cycling? The same goes for Martial Arts. It is important to adapt to the new market, because if in the future they might want to expand more.

Instead of looking at new segment *Le Credit Sportif* could also consider another foreign market, for example The United Kingdom. Besides soccer, rugby is a very popular sport in this country. By focusing on these new segments, the company does not have to change the mission and it will expand the knowledge of employees. However, it must always focus on sports clubs. If the company chooses to focus on canteens for schools the competition they will be facing is much higher. Furthermore, it is a completely different segment and therefore I would recommend to stay active in the world of sports.

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