# Foreign investment



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# Executive summary

Many companies are trying to enter the Middle eastern market, more specifically the gulf region. This is due towards the region having no taxes and being more secure than the rest of the middle eastern region. Almuntazar United is a wholesaler who provides frozen meat products and logistical delivery solutions to interested buyers. The company’s mission is to become the biggest company in terms of logistical solutions within Iraq.

 Although the company is located and operates from Kuwait City, its products are currently distributed solely within Iraq. MUC has the desire to open operations within Kuwait as a wholesaler, within the field of frozen food products as a beginning. Kuwait has a total population size of 4.1 million citizens with a land range of 17818 km. A big population within such a small area presents MUC with a good investment opportunity, for operations within the Kuwait market. The reason why MUC wants to enter the Kuwait market is because the current state of Iraq is still unpredictable and unreliable (Totten, 2015). MUC wants to start operations within a much more reliable and safer environment, without having the fear of border closures or certain areas being cut off, because they are in the hands of terrorist militia.

To this date the company has no research to base their market entry on, and without an understanding of the region’s needs and preferences, their market entry might have a low chance of succeeding. Approaching Kuwait with the same model that they have implemented in their trade with Iraq does not guarantee success, since it is a very different environment. As such, a research project is proposed with the goal of first predicting whether investing in Kuwait is a good idea at present; and second identifying the appropriate focus for MUC once it enters Kuwait.

**'' How can Almuntazar introduce their products to the Kuwaiti market ?**To answer the central research question, three areas have been used for data collection and analysis. Survey data collection from 200 participants, 3 manager interviews on how they introduce new products within the market, and 3 interviews with supermarket managers of the biggest chains within Kuwait.

## Short summary of findings

After the research was concluded and all the info was collected the first thing that was apparent was the amount of different nationalities within Kuwait city. The Kuwaiti population is very differs, a lot of different nationalities with different needs. People from India had different needs than the local Kuwaiti, the average expenditure differed also per nationality.
The Kuwaiti citizens are the highest earning citizens within Kuwait, the Kuwaiti government helps their citizens in multiple ways to keep their income high. Right after the Kuwaiti citizens come the Philippine citizens, they tend to spend more on than any other nationality within Kuwait.
The most interesting product within Kuwait was the chicken breast, it is recommended to start out with the chicken breast since the citizens of Kuwait responded the best towards it.

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# Foreword

I would like to first start of by thanking the MUC United team for this great opportunity and amazing internship period. I was searching for more than four months and was losing all hope but eventually I had found a place within Almuntazar United. I would like to thank my company supervisor in particular Mr Venkat, who has helped me throughout the whole internship period. He has been a great teacher throughout the whole internship, I have developed many new insight thanks to him and further developed myself within the field of logistics and market entry.

Also special thanks to Mr. Asampong who was my supervising lecturer during the internship. He really gave me the needed support. I can say that he always stood open to give useful advise and feedback towards my work in a very fast and clear way.

To all the teachers and coordinator thank you for the last few years it has been an interesting ride one which I would never forget.

And special thanks to MS. Laura Popma who stood by me from the beginning, and giving me the confidence I needed to get through the first year.

# 1.Introduction of the subject

## 1.1 Background information

Almuntazar has started operations since 2003 as a logistical solutions, MUC started from their operations from Jordan towards Iraq. The company has been created by one man, Mr al Gahreeb. Just after the 2003 war between Iraq and the US, mister al Ghareb went back to jordan and discovered there was a lot of need for a logistical service towards Iraq. In the beginning he did everything on his own, from the paper work and taking care of the containers. His route has lead towards a lot of failures but in the end he had succeeded in creating a good working environment. Within 2007 operations started to grow and there was room for growth within MUC. Now the MUC team consist of a eighteen man team helping with overall operations. Now MUC has hired accountants, truck drivers, personal assistants, sales representatives and general managers to help out with work activities.
Within 2008 MUC had expanded operations and started to import different goods towards Iraq. The choice to also sell goods next to the logistical operation has helped improve further development within MUC. MUC saw that they possessed the means and had gathered the connections needed to enter the Iraqi goods market.

MUC has been moving goods across the channel to gulf region for many years. The Company specialists in transport between Kuwait to Iraq. With their knowledge of the cultural and administrative considerations of the region, they will ensure that the cargo entrusted to them by their customer will be delivered into the right hands at the right time.

Almuntazar United General Trading Company aims to provide the best transport modes and services, always catering to customer needs, offering sales support to customers, contributing to customer's logistics costs reduction and growing together with customers. We would appreciate your continued patronage.

As a well-established organization, MUC are not limited to any one particular region of the Middle East. Through years of work MUC has developed a network of professional agents across the globe that is committed to this cause. they strive to be the Premium Supplier of time sensitive transportation services within Kuwait and the Middle East. MUC provides their customers with more demanding delivery deadline through a well maintained own Fleet & Equipment’s. MUC mission is to provide customers a satisfaction a service that exceeds expectations.

1.2 Problem statement
According to MUC, the reason they engage exclusively in sales to Iraq, is the mode of payment. As opposed to many countries that prefer billing after receiving the goods, Iraqi buyers willingly pay upon delivery. Wary of the risks associated with after-the-fact payments in a volatile region, MUC therefore prefers to deliver to customers that agree to pay the full amount immediately or a chosen amount of time after delivery.

Currently MUC desires to enter the Kuwait market, but in order to do so they require an evaluation of the business climate, available payment options such as in which time frames they intend to pay, how many periods will they need to pay back the goods and what percentage will they pay off in these periods. Consumption patterns, as well as the product and service interests governing Kuwaiti citizens’ purchasing decisions. To date, the company has no research to base their market entry on, and without an understanding of the region’s needs and preferences, their market entry will be risky.

Approaching Kuwait with the same model that they have implemented in their previous trade with Iraq does not guarantee success since it is a very different environment.
Research aims and objectives: As such, we propose to conduct a research project with the goal of firstly predicting whether investing in Kuwait is a sound business move for MUC ; and secondly identifying the appropriate focus for MUC once it enters Kuwait, with regards to which products should be introduced within the region and where to launch first.

### Research question

That is why the central research question is: **'' How can Almuntazar introduce their products to the Kuwaiti market?**SubquestionMUC liked to investigate how to be more effective in their business activities and how to increase the amount of business activities performed in Kuwait. This can be summarized within the following five sub-questions

1. What is the average weekly expenditure of the Kuwaiti residents with regards to groceries?
2. Which group of resident should MUC focus on, and what MUC products are these residents most interested in?
3. Who are MUC competitors?
4. What price is ideal for MUC products to stay competitive in regard to the their competitors?
5. Which supermarket should MUC introduce their product in, and what options does this supermarket provide?

To answer these questions it is of importance to understand what the Kuwaiti citizens prefer to buy. The focus lies on multiple products instead of just one, because MUC possess a wide range of frozen products. When looking at the expenditure of the Kuwaiti citizens it is of importance to understand what their expenditure is and which products they prefer the most.

A thorough analysis of the competitors is needed to understand if the products that MUC is offering can compete with their competitors and how much market share they currently possess.

In the end MUC will need to get their products in stores, to be more precise within some of the biggest supermarket chains within Kuwait. A choice will need to be made to see which supermarket chain can offer the best deal for the products offered. The goal is to understand what both companies can offer each other

1.3 Research outline
This research will start out with a literature review, the goal is to find out what kind of studies have been performed with regards to market entry in the middle east.
Chapter three will discuss what will be researched, what kind of methods exactly will be used, and how the data will be analyzed. It will give a clearer goal of the research and the aims of the researcher.
Chapter four will discuss all the findings of the research, graphs and tables will be used to further explain what the Kuwaiti citizens search for when buying their products.
Within the last two chapters the results of the findings will be discussed and a recommendation will be given on, if MUC should enter the Kuwaiti market and what they could do to create market share within Kuwait.

2.Literature Review

Introduction: how to increasing market share within the middle east
The goal of most firms is to grow and obtain a bigger market share, entering a new market could provide the opportunity for such growth. According to Murray there are always pros and cons when entering a new market (Murray, 2012). Firms that enter a new markets first have a competitive advantage, they are the first to arrive and have a choice within natural and human resources in the host market, the best suppliers are still for the choosing and most importantly a lead in technological development. Disadvantages are the high level of uncertainties when entering a new market, the firm has to start out all the way from zero. The firm only has the knowledge and experience from their previous firms.

Branding decision
According to gentry when a firm enters a new market it can become quite costly, two elements need to be considered while entering a new market (Gentry, 2014). First the entering company needs to acquire information about the country they are trying to enter. This will help in the decision process, where and when to enter. More risk is being avoided if handled in this particular way, it will leave less surprises for the entering company, and a higher chance of succeeding within the newly entered market. They must rally the resources required to enter their chosen market(s), set up their operations, advertise their presence, promote their products, and establish distribution channels. Compounding these demands, there can also be a great deal of uncertainty surrounding the actual preferences of customers, the appropriate product mix and pricing schedules, and the marketing strategies that will be effective in the new market.

 It is important when launching a product in a different market to know where your current brand stands. If the brand is recognizable and possess the power of a household name, the chance of success becomes much higher than when launching a new brand (Rahman, 2014). When launching your new product you might want to know if the current brand that is being launched with it is a part of the parent brand or is it a sub brand, this question is very important to understand . There are pros and cons towards these two options. A sub brand is a product or service whose character and brand values are distinct from, but related to, its parent brand. (Rahman, 2014)
sub-brands sometimes represent a genuine attempt to develop unique equity at the sub-brand level. going beyond simple category labels to say something unique about the product offering. Parent brands does not change and mostly offers the same experience. The customers knows what it can expect from the brand, this means less chance of changing the formula associated with the brand and no uniqueness associated with it. But the parent brand brings in the most customers and helps for a steady cash flow. When entering a new market in most cases it is best to lead with the parent brand since it has already an established name, and has an easier way of attracting new customers in a new market (Rahman, 2014).

 If a small or midsized firm enters a new market the firm needs to choose of an entry mode, once chosen the firm will needs to commit towards this mode. If the firm decides to change the mode after implementing the previous mode, than there is a higher chance of failure because the firm did not do enough research before entering and committing to the new potential market. Resources and assets constraints can have an influence on the level of commitment a firm can have when entering a new market according to Laufs (Laufs, 2014). This statement can be compared towards that of Murray where he stated that when a firm enters a new market they need to commit towards a certain budget (Murray, 2012). If the budget has run out than the firm needs to stop operations and focus on another market or their head market. This will ensure the survival of the firm and further operations going on in their original market. Both authors look at it in different ways but they agree on one very similar concept, large companies can choose to go over budget or change their way of entry. Large firms have more resources and assets in general than a small firm and can therefore take more risks when entering a new market, a luxury small or midsized firms do not have. In addition, large firms also have stronger bargaining power to negotiate with the host country government for better concessions and incentives. Large firms can offer job opportunities for the host country, and can create more value for the host country. Small firms do not have the recourse to offer what large firms can offer. According to Mr L. ten Berge large firms with a large investment size can stay in business longer and can outlast small firms in terms of resources when competing for the same market (Berge, 2011). If there is such a competitive firm than it is wise to rethink what the newly entering firm can offer and if it is enough to attract customers towards their products (Bishara, 2011).

If a firm decides to enter new market within the middle east or African region, than it might be expected that these firms will encounter a form of corruption when trying to enter the region. According to Bishra, foreign firms perceive the bribes as taxes when entering these country, it comes with a form of uncertainty for the entering firms (Bishara, 2011). If the firm might want to do a task involving help from the government than it might get stuck since bribe cost do not have a stable cost. The firm might not have the funds to pay of the politician for the approval and all work might get stopped due to this problem (Petrou, 2014).

Research gap
during the literature review a clear preference could not be found with regards to what middle eastern people like to buy. There are different factors when talking about preference here are some important examples for this research such as pricing of the products, how important is quality for the Kuwaiti citizen, do they care about packaging? These are some of the questions that will be answered within this research

## Conclusion

MUC will have a hard time entering the Kuwaiti market, since they are not well known within Kuwait and they have no presences within the golf stated. But they do possess a lot of experience and a lot of brands to their disposal. The MUC brand is strong outside of the golf states, it would be wise to use their parent brand to enter the Kuwaiti market.
MUC has been operational within Iraq for years now, so they know how to take care of bribes to make sure there products get through, and there networking skills is some of the highest. It is of importance that MUC makes fully use of it.

3. Methodology

3.1 introduction
A lot has been written about foreign market entry and expansion of the customer base, as the literature review has showed. On all branches on this topic there is already been an article been written about it or at least ones. However for every branch and country the application of theory will be different because of factors like culture, GDP, buying power and other influencing factors. It is important to understand which certain combination of strategies and application to use in certain circumstances, this can make the difference in terms of revenue and further results for MUC on the Kuwaiti market.

## 3.2 Research plan

To determine what actions MUC needs to undertake, it is of importance to gather information on how MUC previously entered the Iraqi market with the different kinds of products that they possessed. MUC has only been active within the Iraqi market but they have introduced many different products. This information is vital for this project, MUC has also made some bad business decisions within the past it is important to learn from it, and not repeat the same mistake within a new market. Within this report one qualitative research method was used in combination with a quantitative research method.

The qualitative research part consisted out of two different kind of interviews, the first being an interview with the managers within MUC and how they introduced certain products to the Iraqi market. The second interview will be held with supermarket owners or managers, the goal is to find out how to introduce certain products within the current market. These two areas were chosen because they involved close contact with the specified market and could reveal a lot of information in terms of market needs. All interviews were done face to face, because that would make it easier to interact with the interviewee and read their body language. The questions that were asked are partially open ended and some were more straight forward with regards to their sales.

To better understand the people living within Kuwait, a quantitative research will also take place in the form of a survey. The survey will be created and handed out towards people willing to participate within the survey. Around two hundred responses are needed for the research to have some validity and to say something about the people living within Kuwait city.
Different locations around Kuwait city will be chosen to create a big random sampling, the goal will be to not influence the results as much as possible. In the end the results will be put into a Abell model to have a clearer view of what the products are, who our customers are and what angle MUC will need to use to lure in new customers.

A DESTEP analysis will be made for this research, the goal of the analysis is to have a better understanding of the Kuwaiti market and the DESTEP will help in achieving this goal.
DESTEP-analysis is an abbreviation for demographic, economical, socio-cultural, technological, environmental and political-legal factors. This model is used to understand the external environment. Based on the findings of the DESTEP-analysis, a company can change its strategy to succeed in the market.

# 3.3 Tools

The first tool that will be used is an interview with the biggest supermarkets chains within Kuwait. The managers that will be interviewed now have the best understanding of what the current markets is buying the most from there stores.
The goal of the interviews is to understand what the policies are within Kuwait with regards to introducing new products within the supermarkets, and what the requirements are for introducing new products. A list of questions has been compiled and can be found within the appendix.

The last tool will be an interview with the managers of MUC, the questions are centered around finding out what method of entry has worked out for them when introducing there products to the Iraqi market. The Iraqi market is somewhat comparable to the Kuwaiti market they are in fact neighboring countries.
See appendix for the questions asked.

The two different interview formats will be fully analyzed and coded accordingly, the goal is to find similarities within and analyze it. This research however, is purely based on the ‘’interpretivist paradigm’’. This means that no experiments or hypothesizes will be researched and research will purely be based on social and observational methods.

The second tool that was used was a survey that took place all around Kuwait city by making use of a questionnaire. The idea centered around trying to go to different locations and find respondents who would like to participate within the questionnaire. A total of 200 hundred people were needed to have a valid representation of the Kuwaiti population and to say something about their buying behavior.
The goal would center around understanding what the needs were of the Kuwaiti people with regards towards their preference. Random places around Kuwait city were chosen for this study, a bigger range of different people will be reached through this.
Within appendix one you can see the full questionnaire. The questionnaire contained a lot of mixed choice of answers. The task required afterwards is to give meaning to the data by analyzing it. It is important to focus on the most interested group and look into their preference and compare them to what MUC products can offer them. The result will be translated to code afterwards analyzed and in the end the most important patterns will be explained.

3.4 Analyzing and Coding of the qualitative data
The applied coding strategy during the analysis of the collected data is ‘’Inductive coding’’. This means that the observations and interviews were conducted without predetermined theories and based on the outcomes certain patterns were researched. The coding took place with regard to answer the sub-questions and in the end the central research question.

**Stage 1:** Global reading of the data
All collected data was read and analyzed and then cut into pieces by coding different themes mostly to different paragraphs in the texts. In this stage it was not yet important to generalize the codes.

**Stage 2:** Word/sentence coding
In this stage specific words were coded within the general themes. These codes were put behind the general code to give it more depth in order to form the end code.

**Stage 3:** Filtering word codes
After collecting a large amount of individual word/sentence codes, these codes were analyzed and generalized as multiple codes were downsized into one or two codes.

**Stage 4:** Generalizing the global and specific codes
In this stage all the codes were analyzed and put in categories so that themes would come out that could be used during the analysis of the data. Within the themes certain answers were put in tables to show the answers of all participants individually.

**Stage 5:** Putting the themes and answers in tables
All themes and codes were put together in tables in the order that matched the data so that analysis could be performed in the appropriate way.

3.5 Analyzing of the quantitative data
For the quantitative data a different approach was taken with regards on how to analyze the data.
After the collection of raw data was finished the process of entering the data within excel started.

**Stage 1:** Ordering of the data
Before entering the data within excel an order of some sorts needed to be established with regards to some groups. Age and expenditure were put into groups to make it easier to analyze the data.

**Stage 2:** Filtering of the data
Within the data there will be always outliers, after entering the data within excel a search will be done to get rid of the opinions that do not represent the opinions of the Kuwaiti citizens.

**Stage 3:** Matching the data
Within excel a match will be tried to be made with different groups of data to create a better understanding what the Kuwaiti citizens want.

**Stage 4:** putting the data into figures
Figures will be created within excel to give a clear view of the current situation and it will make it easier to read.

# 4.Research findings

4.1 De-step
How is the demographic, economical, socio-cultural, technological, environmental and political-legal situation in the Netherlands?

It needs to be taken into consideration that when a new market is entered, macro environment factors can influence the decision making process. That depends on whether there are any threats or opportunities within the Dutch market. The DESTEP-analysis will help analyses these factors to give a clearer overview. The DESTEP- analysis stands for demographic, economical, socio-cultural, technological, environmental and political-legal factors and so this analysis will help analyses these factors for the Dutch market. The analysis is coupled with a brief explanation on each factor.

4.1.1 Kuwait demographic factor
Kuwait total inhabitants consist of approximately 3,6 million inhabitants, with 70% being expats and 30% of Kuwaiti origin. The biggest religion within the Kuwaiti citizens is Islam, the religion accounts for 99% with a low margin being Cristian, Sikhism and Judaism. (BUREAU OF DEMOCRACY, 2014) There are two streams in Islam within Kuwait, the Shia and Sunni. The Sunni stream had within 2004 61% of the Kuwaiti citizens, whereas the Shia stream has 39%. Expats within Kuwait account for approximately 2,3 million and they are of the following origin. Total South Asia1,132,000, 34%, Total Other Arab 705,000, 21% and Other 248,000, 8%. (Toumi, 2014)

4.1.2 The economical factor
The Kuwait is one of the most wealthiest economies within the world, currently ranked at number four amongst the wealthiest countries in the world. There leading export product is petroleum, this product has contributed to great wealth within Kuwait. Kuwait was the pioneer within the Middle east that used their wealth from the petroleum sales to diversify and not totally rely on only their petroleum sales. Other non-petroleum successful industries include, shipping, distillation of water and financial services.
The Kuwaiti stock exchange is the second largest exchange within the Middle East.
Kuwait has since the gulf war not recovered properly and is having problems to diversify.
The Gross Domestic Product per capita in Kuwait was last recorded at 30146.92 US dollars in 2013. (Trading economics, 2013) Kuwait is currently ranked at number 5 of highest GDP within 225 countries. (IMF, 2015) Kuwait makes use of the Kuwaiti dinar, it is valued the highest valued currency in the world. The Kuwaiti dinar is currently valued at 3,33$. (XE, 2015)
The Kuwaiti citizens spends 17,42% of their total expenditure on food and nonalcoholic beverages according to the central bureau of statics. (CSB, 2013) The average Kuwaiti household makes around 1400 dinar a month, whereas non Kuwaiti household average around 521 dinar a month according to the CSB.

4.1.3The social cultural factor
The Kuwaiti culture is rich and diverse, this is due towards the Kuwaiti history having many immigrants coming over from different countries. The spoken language is Arabic but most of the young Kuwaiti people also speak English. When talking about the older generation, they do not possess the skills to communicate in English. Most of the Kuwaiti citizens do not speak any other language other than Arabic. Kuwait is financially hurting, most of their economy relies on the sale of oil but currently the petroleum market is oversaturated. Within 2015 most of the sanctions on Iran have been lifted this has caused a major chaos within the middle eastern region, more specifically the gulf region. According to the National immediately after the Iranian sanctions were lifted the gulf stock market plummeted. (Everington, 2015) Iran total import are from the UAE, so that is not the problem which has caused this huge plummet. The biggest hit came from the oversaturation of the oil market. Iran has built up a huge reserve of crude oil, this is because of the sanctions that were applied to Iran that forbid the country from selling their oil within foreign countries.
But that did not stop the Iran oil production companies from further pumping out oil. Now there is too much oil within the market and not enough demand for it, the gulf region is hurting the most because of this. Now Kuwait has less income because of the current situation and a lot their economy depends on the production and sales of their oil.
The Kuwaiti government helps out all of their citizens be providing them with monthly food packet’s and monthly financial gifts. The current situation will definitely change the current buying behavior, since the Kuwaiti government is cutting off some of the financial gifts given to the Kuwaiti people.
Cutting of some of the financial benefits will surely effect the spending behavior of the Kuwaiti people. A similar situation has happened when the financial crisis hit in 2008 and people everywhere were afraid to spend their money. Even non Kuwaiti citizens might be effected since special taxes will be introduced for foreign workers.

4.1.4 Technological factor
Kuwait is a very well developed technological country, especially when looking at the younger generation. All teenagers possess a smartphones and are always on social media, if a Kuwaiti teenager does not possess a smartphone he will be perceived as an outsider. Even young children around the age of ten years old also possess a smartphone but this situation is almost only applied to above average Kuwaiti citizens. The most used social media platforms are Instagram and Snapchat, when anything new gets introduced within Kuwait it needs to be on both of these platforms. The Kuwaiti citizen does not like to be surprised and rather investigates before purchasing something. These platforms will help MUC demonstrate their products.

### 4.1.5 Environmental factor

Kuwait has been pushing ahead with reforms aimed at improving the overall business environment in the country. Laws pertaining to public private partnerships (PPP), foreign direct investment (FDI) and small and medium-sized enterprises (SME) have recently gone into effect at a time when the government is seriously looking at ways to reduce its dependence on oil as the main source of state revenue. Moreover, the current environment of low oil prices might provide just the right incentive to accelerate efforts even though Kuwait, with sufficient financial reserves and one of the lowest breakeven oil prices among oil exporters, is in a more comfortable position than some of its OPEC peers, for example, to weather the downturn. (NBK, 2015)

4.1.6 Political factor
Kuwait want to become more like Dubai and have all kind of different companies working within their country. One of the change the Kuwaiti government has made is drastically changing their law to speed up the process of starting a business. Other changes that have been placed are with regards to how much power a certain Kuwaiti has within the company. Now everybody is more equal within the company and have an equal voting rights the within chair of directors.
Other factors that make Kuwait so interesting is that the country does not have any taxes with regards to the business MUC wants to enter. There was a brief period where the Kuwaiti government was trying to implement tax for import, which would have been a huge negative for MUC, but they have stayed clear from that idea since Kuwaiti imports almost everything without producing anything themselves. (NBK, 2015)

|  |  |  |  |
| --- | --- | --- | --- |
| **Themes** | **Current Strategy** | **Obstacles** | **Future Strategy**  |
| **Interviewee 1** | Earning the respect of the customer  | Political instabilities  | Expanding the MUC brand  |
| **Interviewee 2** | Increase customers | Border closure  | Mix of action  |
| **Interviewee 3** | Database  | Health safety  | Mix of action |

Figure 4.2
MUC managers interview

4.2 Current strategy
The managers at MUC agreed that there strategy relied heavily on one very important aspect for their logistical work and trade business. Having the trust of their customers is of great importance within the Middle Eastern market, that trust need to be earned no matter what. Earning the respect and trust can be achieved in many ways, if a client calls to know where there product currently is MUC managers try to immediately find out. It all starts with the first call from the clients towards the managers, they must be available for contact 24 hours an everyday. These same goals also are applied towards their trade business
MUC possess some of the highest prices within the logistic field, but they make up the price with their swift work on getting the products out of customs without receiving any penalties for handling to slowly. The MUC brand heavily relies on good word of mouth from their customers to improve overall growth. For the trade business MUC has built a big network with wholesalers that always cater towards the needs of the Iraqi population. The managers at MUC are always on the hunt for the best products on the market. If the right product is found contact will be made with the potential buyers.
If the managers are convinced that the products they have are of good quality but they have not found a potential buyer than the managers still acquire the products and will wait until the buyer comes by. This does happen a lot within MUC, but there are a set of rules that managers keep to.
The first is to always buy in small quantities since the market need in Iraq is always changing, and the demand is always fluctuating. The second rule is to always have more than one product and offer a diverse selection choice.

4.2.2 Obstacles
The biggest obstacles when working within the middle east are the borders. The Middle East is a unstable market were anything can happen with regards to the political situation. A few examples of the current situation happening within Iraq right now. MUC biggest trade partner is currently located within Brazil for the production of chicken products. Currently the Iraqi government has put a restriction on all imports from Brazil because of health risk. There is a lot of corruption within the Middle Eastern region so it is easy for competing companies to try and take out each other by bribing politicians into crippling their competition.
Other obstacles are related towards boarder closures due towards terrorist activity. The MUC managers have seen many routes close around them because of the high risk area the Middle east represent. Other means that might be needed to be taken are through airfare, this increases cost tremendously and will only make the situation harder.

4.2.3 Future strategy
The theme future strategy is the global summary of a large amount of plans that managers have for their specific market but also in their thoughts towards the Kuwait market. In general 3 topics were marked as most important tools in future extension of business activity.

The first interview mentioned some interesting points on how MUC would help the wholesalers in the whole process. The process started when the first items were ordered, MUC would first take a hit in revenue losses for the purpose of building good faith. MUC would even go as far by just giving out the products as a loan, the payment will come after everything is sold. This is high risk situation where people might not even give back the money, but these kind of cases are studied and chosen wisely. This whole proses is done to create a bond of trust with the potential supplier and become
more than buy sell relationship, and more of a family that look out for each other.

The second and third interviewee mentioned that when MUC wanted to enter the beef business within Iraq. MUC needed to become more innovative when it came to introducing beef products within the Iraqi market, because of there is currently too much competition to distinguish the product from the other. MUC is going to partner up with a client who already has an established brand within Iraqi market. This partner wants to sell directly towards supermarket chains and family supermarket chains. MUC has offered to lend money towards the partner company and help them in any way possible. The partner company will have free use of MUC logistical services and will also have less cost because of it. Thanks to this deal both companies take less risk on the investment, and both will try and dominate the beef market with this new approach since it is not implemented within the Iraqi market.

The last approach was mentioned by the first and second interviewee, the strategy relied on copying competitors who were similar to MUC in terms of product offerings. MUC first started out by offering one kind of fish within the Iraqi market, MUC grew by expanding their selection of fish within the market. The Management at MUC had seen that competitors who were within the same market as them also offered dairy products, and were becoming very successful. The combination is very different but the procedure of all the import paper work are very similar and the MUC seen much success do to this approach .

##

|  |  |  |  |
| --- | --- | --- | --- |
| **Themes** | **Current working procedure**  | **Risks to avoid**  | **Best entering strategy**  |
| **Interviewee COOP** | Catalog | Area research | Advertisement  |
| **Interviewee Sultan center** | Catalog | Area research | Packaging |
| **Interviewee Lulu** | Payment within 50 days | Area research | Advertisement  |

Figure 4.2
supermarket managers interview

4.3 Current working procedure
Throughout the performed interviews it was very important to understand what procedure was needed to be taken to put MUC products within supermarkets. The process starts with a catalog that the managers receive around some period of time. MUC will need to convince the supermarket chain that the products they are offering fit within that supermarket. It could be that the COOP supermarkets might receive a cheaper price than LULU supermarket for the same product. All of this depends on the negotiations with the supermarket chains. There are limits to how much profits a supermarket chain can make on every product, the COOP has put a max of 10% profit that can be made on each individual product. It is up to the managers on what they see fit to determine the end price that will be charged towards the customers.
The three supermarkets that have been interviewed all possessed software that keeps track of the inventory and the inventory turnover. Every newly introduced product is giving a shelve life of 60 days and will be monitored through the specific software. If sales are much lower than expected than the product will be pulled out of shelves. Successful products stay within shelves and will be monitored again for the following 60 days.

A very important subject that MUC needs to know about, was how long the time frame was before they would receive the money for their products. All of the supermarkets that have been interviewed have confirmed that they never pay out immediately, a standard time frame will be set before payout. The average waiting time according to the interviews is approximately 50 days after receiving the products.

4.3.1 Risk to avoid
The Sultan center manager mentioned that a study of the area is very important. Kuwait is very densely populated, with people of different nationalities living within. Every specific area within Kuwait city has a big population of specific sort of ethnic group. There are areas where huge population of Indian people live, so making the decision to sell MUC beef burger over in densely populated Indian areas would be a huge mistake because it would be mostly ignored.

4.3.2 Best entry strategy
Most of the managers recommended that MUC needed to first analyze the market and the current competition within. There are a lot of similar products to MUC, some products were produced within the same country. MUC need to distinguish themselves from the competition, this can be achieved through many different means. The COOP manager mentioned that packaging is one of the best ways to communicate towards the potential customers. The packaging can showcase that the product is organic or some other selling point that will convinces the customers into purchasing MUC product. A great design for the packaging is very much recommended, it will cause for more eyes to be looking at MUC products.

The LuLu manager mentioned that demonstration of the product is very essential for the Kuwaiti customers. A small kiosk where somebody would cook and hand out free samples is very ordinary and very much needed for new products, according to the manager.

## 4.4 Survey analysis

### 4.4.1 Product preference

For the first analysis it is interesting to look at what the different age groups prefer in terms of products. For the 18-24 group the preference lies with the Chicken breast and beef burger.

For the 25-34 group their preferred products are the chicken breast followed by the fried chicken part and third is the chicken thigh. The 25-34 prefers the chicken products, but when looking at the non-chicken products the beef burger comes out on top.

For the 35-49 age group again the Kuwaiti citizens have chicken breast at the top of their list, in second place is the chicken thigh and the French fries and beef burger share the third place

When looking at the 50-70 age group we can see that their preference lies with the pizza that is their preferred frozen food. Everything else has a shared score
The different age groups all have a high preference for frozen chicken products, with beef burger coming in as the preferred product when looking at the non-chicken products.

Within Kuwait there are a lot of ethnicities, not everybody likes to buy the same products. One of the questions included within the survey is the country of origin, it was included to understand where the demand lies the highest for the frozen products within each respected age groups. The biggest ethnicity groups living within Kuwait are, Lebanese, Indian, Philippines , Egyptians and Kuwaiti. These ethnicities groups were encountered the most during the survey

### 4.4.2 Age analysis

Looking deeper into the data starting out with the age group 18-24 it becomes clear that people of Kuwaiti origin within this age group prefer the French fries the most. There were not enough responses from people of other nationalities to see their where their preference lies.

For the 25-34 age group where most of the responses came from the majority of the Kuwaiti people chose for the chicken breast as there preferred product. For the Pilipino people living within Kuwait their choice is split between fried chicken part and chicken thigh & veggies.
For the Egyptians their preferred product is the pizza and for the people from India the chicken breast & veggies comes out on top.

The 35-49 age group is the second highest group of responses that this survey received.
Most of the responses came from people of Kuwaiti and Pilipino origin, both had the most interest within the chicken breast and veggies. The Lebanese community coming in third place, with the highest interest being the chicken breast and veggies. The Egyptian community had a shared interest within the chicken breast, thigh and French fries.

The last group that will be analyzed is the 50-70 age group, again most responses came from the Kuwaiti population but the interest is different from the usual response. Most consumer within this age group like to buy fried chicken parts and pizza. The Egyptian community has a shared interest in pizza within this age group.

### 4.4.3 Expenditure analysis

In graph three a comparison is made to see how much each ethnic group spends on a weekly basis and in graph four what their product of preference is . Looking at graph three the very first thing that jumps out is the expenditure of the Kuwaiti people, they are the biggest spenders within Kuwait in terms of groceries expenditure. For a better understand what the Kuwaiti people prefer to buy in terms of their expenditure is the use of graph four very important. The 20-39 expenditure had the highest amount of responses in both graphs. More specifically the 20-39 Kuwaiti group has the highest interest within the chicken breast and veggies followed by the fried chicken part. The expenditure of 40-75 and 10-19 reached the second highest response with the Kuwaiti population. It would be obvious to first look at the highest expenditure, 40-75 and where their preference lies. Again chicken breast comes on top shared with French fries. It can be said that the difference was not that big compared towards the second highest products, the burger and chicken thigh.
Within the 10-19 group the Kuwaiti people prefer the beef burger, the rest of the options are very divided. What is more interesting is that although the survey received more responses from the Kuwaiti people, there was more overall interest from the Pilipino community for the chicken thigh and veggies and it outweighs all other interest of all other groups. For the last group 5-9 the Filipino community gave a clear answer that they prefer the chicken products and having the biggest voice within this group.

### 4.4.4 Supermarket preference

The graph above will give a better understanding of where people of different ethnicities do most of their shopping
As is pointed out above the highest spenders within Kuwait are the people of Kuwaiti origins. Making use of graph five it is immediately apparent that a lot of the Kuwaiti residents like to make use of the COOP. COOP are a bit different than the regular supermarkets, COOP society stores are department stores put up by the Kuwaiti government. Each big living area within Kuwait possess their own COOP with a wide range of selection in products. Although the supermarkets within Kuwait have wide range of products the COOP offers even more options.
It would be wise for MUC to put their efforts on trying to get their products within some of the biggest COOP, because this is where most of the Kuwaiti citizens do most of their shopping.
Other options to introduce MUC products are Al sultan center, after the COOP Al sultan scored the second highest within the questionnaire with regards to the Kuwaiti citizens.
With regards to the other nationalities, the Pilipino community was interested within the chicken thigh products. The questionnaire revealed that they like to do most of their shopping within Lulu hypermarket. For the Indian community the choice is split between two supermarkets, Lulu and Golfmart. What is interesting about this combination is that Golfmart is a small supermarket with a few selection of products but it is easy to find one around every few corner, for the specific needs the Indian community goes to Lulu.
the remaining supermarkets are not interesting enough to look into, if the focus is only put on the four previously mentioned supermarkets, than their alone will be a lot to gain from.

### 4.4.5 Which product to sell within supermarkets?

Graph six will be used to help understand which MUC products needs to be sold in the different supermarkets. Starting out with the COOP, as previously mentioned here is where most of the Kuwaiti citizens do most of their shopping. They are also the biggest spenders within the country, their preferred choice of supermarket was the COOP. The best products to launch within the COOP is the chicken breast and veggies in combination with the French fries for starters. If business becomes fruitful than it would be wise to launch the beef burger and pizza afterwards within the COOP.
As mentioned previously Al sultan center also possess a lot of shoppers from Kuwaiti origins. Here the strategy is to also to start out with the chicken breast and veggies and then afterwards start to introduce the beef burger.
For Lulu hypermarket it is easy to see that the best choice of product is to start with the chicken thigh. As previously mentioned in graph three and four the Pilipino community loves the chicken thigh. Afterwards the fried chicken parts will need to be introduced within Lulu again according to graph three and four the Pilipino community has an interest in this product. The chicken breast and the beef burger will be the last products that need to be introduced within Lulu, there is great interest for these products within Lulu and worth investing into. All other products should not be introduced within Lulu because there was not enough demand for it.
Golfmart is only interesting to introduce the chicken breast and veggies to capitalize on the demand of the Indian community. All the other products should not be introduced within Golfmart, there was not enough demand for the other MUC products from people shopping at Golfmart.

### 4.4.6 Supermarket visits

To understand the buying behavior pattern of the people living in Kuwait, a question was included on how many times within the week people might go to the supermarket. It is interesting to see that the amount of visit do not equal to more sales made. On the contrary the customers who spent the most money are those that shop only one times a week, followed up by two times a week. What can be concluded from this analysis is that the people who shop once a week like to spend the most. And the more often a customer goes and visits the supermarket the less higher the chance that they will spend less money overall.

### 4.4.7 Product specification

As is proven above the most interesting product for the people living within Kuwait is the chicken breast and veggies. A further analysis has been conducted on factors influencing the shopping decisions and experience. Within the questionnaire the respondents had the choice from not important, slightly important, neutral, important and very important on the different factors.

The first factor graph that will be analyzed is freshness, the graph includes all ethnicities that choose the chicken breast. What is immediately apparent is that freshness is of the utmost importance. Only 7% of the people that chose for the chicken breast find that freshness is of no importance. Freshness is hard to sell when the product that MUC offers are mostly frozen food. If MUC chicken breast is killed and frozen immediately than the advertisement and the packaging should represent that. More people might buy these products if they see that it is killed and frozen immediately. The resident of Kuwait love their fresh products and this might be a way to make them understand That MUC products cater towards their needs. But it will be a hard hurdle to overcome into changing the perception that frozen are not fresh products. A other hurdle that this presented while trying to convince people into buying frozen chicken breast is that within all of the big supermarkets there is a butcher aisle. It will be an even harder since the option is there to buy fresh meat from a few aisles away and they customers sees the meat being cut in front of him.

Here it is interesting to see that price is not that important when it comes to buying groceries within Kuwait. Other factors are of a much higher importance for the people living within Kuwait. But the people that find price important should still be listened to since they represent 42% of the responses.
If the chicken breast is put into stores than the price should be around the same price as the competition. Asking a cheaper price might show a lack of confidence within our product and asking too much might scare off potential buyers.

Organic food has become important within household, within the survey an question was included to see how the Kuwaiti citizens thought about organic products. It should be stated that when asked about how important it is for certain customers that their products were organic, it did not specify how much organic food they bought on a weekly basis. When looking at the people that are interested within organic chicken breast, 42% replied that it is important to them and 29% said they did not perceive it as important. The replies that were neutral represent 29% of the total of the replies. MUC chickens are mass produced and it is not done in a organic way, which might keep away potential consumers from purchasing MUC chickens. But there is still the 29% who is neutral with regards to organic chicken breast and they might end up going choosing the non-organic chicken because of the price difference.

To understand what the people living within Kuwait think about the presentation and how important it is for them when buying their products, a question was included within the survey on how important it is for them when buying chicken breast. The result is that overall it is of importance and that most of the people look at the presentation before making their purchase. The presentation needs to intrigue the Kuwaiti consumer into buying the products. A good first impression comes for most people when they see the product for the first on store shelves. If the MUC presentation is not attractive enough for consumers than there is a chance that consumers will choose a product that has a better presentation than MUC products.
Nobody who participated within the questionnaire did not find presentation of no importance.

For the last graph with regards towards the different factors the participants were asked about how important marketing is for them with regards towards promotions. During the questionnaires a verbal explanation was included that the marketing included promotion such as 2 for the price of one or a discounted price. The Kuwaiti citizens reacted positively towards this, with 71% saying that it is of importance and that they are more likely to purchase the item if it has some kind of promotions. As seen previously the Kuwaiti citizens do not put that much of importance towards price but if a product does have promotion than they become more intrigued by the certain item and maybe more inclined to try it out. If MUC introduce the chicken breast within the Kuwaiti market than they will need to promote it heavily within the introduction stage. The promotion will grab the attention of the Kuwaiti citizens and get them acquainted with the product.

4.4.8 The Abell Model
To give a better overview of the questionnaire findings, an overview is presented underneath within

the Abell model. This model explains three aspects. The dimension ‘’target group’’ explains who the target groups are. The dimension ‘’needs’’ explains what the needs of the target groups are and the dimension ‘’technology’’ explains how the company can anticipate customers’ needs.



Further explanation is not needed since these findings were already discussed previously, but now the results are presented in a easier overview thanks to the Abell Model.

## 4.9 Who are MUC competitors?

Within the questionnaire a question was included with which brand of frozen food products they purchased the most from. Americana, Khazan and Sadia came out on top over every other brand, the three biggest competitors will be analyzed and looked into. A closer look will be taken into what options of frozen food they produce, and their revenue and sales and potentially what their opinion is about the Middle-eastern or Kuwait market. Underneath you will find the graph with the answers that participants gave. The participant were given the freedom to write down their favorite brand without any restriction within choice.

Sadia is a Brazilian company and operates in segments of meats, industrialized meats, margarines, pastas, pizzas, frozen vegetables and dairy.
Sadia operates within Brazil, middle East & Africa, Asia and Latin American countries. They generate most of their revenue from Brazil, not surprising since the company started out there and it is their home market. But the Middle East & South Africa come in second place in terms of generating revenue. It can be assumed that Sadia wants to keep and growing their market share within the middle east. Sadia has opened a plant within Abu Dhabi within 2014 because of positive sales, and for this coming year Sadia has increased their capacity from 70000 to 100000 ton/year. It is mentioned within their annual report that they are growing rapidly thanks to their middle eastern operations. (brf annual report, 2015)

A other strong competitor that has a big market share within Kuwait is Americana. The company is of Kuwaiti origin and has stated within their annual report that the market is still growing with many different nationalities entering the country. There sales accounted for 430 million Kuwaiti dinar within 2014. It will be hard to penetrate the market since Americana is a Kuwaiti company and many customers like to support their own local brands. Americana possess many products that MUC want to introduce within Kuwait and it will become harder to offer a product that is less unique than the competition.

The last company that is a big competitor towards MUC is Khazan, they are a part of the Mezzan holding group. Mezzan focusses on three primary divisions, food and beverage manufacturing and distribution, catering and services. Mezzan is a very diverse company within the food sector with many brands, their food manufacturing and distribution sector is the competition that MUC will have to go up against. Mezzan has seen steady growth over the past years, their total revenue within 2015 was 196,1 million KWD and it has increased by 11,4% in comparison to the previous year. Net profit within 2015 was 19,6 million KWD, also here a growth occurred of 13,83% compared to the previous year. Mezzan is currently the market leader within the chilled meat category such as hamburgers and chicken nuggets. (Mezzan report, 2016)

In short the competition in Kuwait are huge international or domestic companies who are gaining yearly market share, within an expanding market of diverse nationalities. Sadia is taking over the chicken market, many of the participant mentioned that the chicken they bought from Sadia tasted better than anything else available on the current market. If MUC can introduce better tasting chicken than many customers might change their preferred brand to that of MUC. A lot of the comments received during the questionnaire was that the price did not matter since the customers received good quality chicken.

# 5. Discussion & conclusion

5.1 What is the average weekly expenditure of the Kuwaiti residents with regards to groceries?
According to the conducted survey the average person within Kuwait spends around KD20 a week on groceries. The people of Kuwaiti origins are the highest spenders within Kuwait, the survey has shown that Kuwaitis spend the most amount of money when it comes to grocery shopping. The Pilipino community came in second place they were the second highest spender with regards to groceries.

Which group of resident should MUC focus on, and what MUC products are these residents most interested in?
According towards the conducted survey the Kuwaiti residents are mostly interested within frozen chicken products. The chicken breast was the most preferred product afterwards the chicken thigh came in second. It would be wise to start out with the mentioned products, and later on start introducing the MUC hamburger, and other potential products for the Kuwaiti market.
 Using the data gathered from the surveys it was shown that people of Kuwaiti origins had the most interest within MUC chicken breast. People of Kuwaiti origin are the biggest spenders within Kuwait and are also the biggest majority. The focus should be put on the 25-34 age group, they have shown the biggest interest for chicken breast. According to the findings within the DE-STEP the average Kuwaiti household makes an average of KD1400 per month. They possess the largest income within their country, whereas compared to the foreigners who only make around KD600 per month. Advertisement should be centered around the people of Kuwaiti origins and trying to convince them into purchasing MUC products.

Who are MUC competitors?
Since MUC has many different products it was expected that there is a lot of competition. To narrow it down the most interesting markets will only be looked into. As previously specified the Kuwaiti citizens have the most interest within chicken breast, a research was done with regards towards the biggest competitors within the chicken market. The survey provided the research with names of the competition within Kuwait. A secondary analysis was also done with regards to the available info.
The survey showed that Sadia was the biggest name with regards to the chicken products with a second place going to the local brand Khazan. According to Sadia annual report their biggest profit has come from the middle eastern market, and they want to invest even further within the Middle eastern market. The Kuwaiti citizens always mentioned that they loved the taste of Sadia chicken within the comment section, Sadia is the most expensive chicken on the market. Kahzan is a local Kuwaiti brand that is a bit cheaper than the Sadia chicken. There was no mention that the Khazan chicken taste great such as the Sadia chicken.

What price is ideal for MUC products to stay competitive in regard to the their competitors?
The product that will be lead with are the MUC frozen chicken breast, the people living within Kuwait have shown the most interest for that product as stated earlier. Looking at the current biggest competitor they are currently selling 2.5 kg of frozen chicken breast at 7.5$, packaged and within store aisle. MUC has acquired a contract for 1kg of chicken breast delivered towards the port Kuwait for the price of 1.95$ per kg fully packaged and ready to be sold within stores. Within a shipping container there can be approximately 25000 kg of chicken breast stored within. To get the delivered products out of the port a price of 3500$ needs to be paid for release. The release will affect the price of the products and increase it by 0.14$, which will give it a total price of 2.09$.
A storage facility will be needed for storage of the product, cost for a storage facility where 25 ton can be stored is approximately 1000$, which accumulates to 0,04 per kg. Finally getting the chicken breast from storage towards the store will cost 1000$ and will drive the price up by 0.1$.
Taking into account the salaries and promotion material needed which accumulated to 7700$, the total price will become 2.54$.
The cost of space within supermarkets is 500$ per square meter, a recommendation of two square meter is advised to start off with. The price will again rise by 0.04$ and the end price will become 2.58$ per kg. If MUC also offers 2.5kg chicken breast than the total price will become 6.45$.
The last thing MUC needs to keep into consideration is that supermarkets will ask 10% of profit which will increase the price to 7.1$. MUC has a lot of room to make their products profitable and competitive at the same time. The recommended pricing range will be between 7.35$ and 7.40$.

Which supermarket should MUC introduce their product in, and what options does this supermarket provide?
From all the supermarket managers that have been interviewed the COOP had the most compelling case. From the interview it seemed that they wanted to have a close relationship with their suppliers. The 10% profit can also be decreased according to them and was no problem according to them, they understood that new companies entering Kuwait will have a hard time finding an audience.
COOP help new products through recommending discount at special festival days, they possess a lot of data and were not shy of sharing it with MUC to help them find the right audience.
The COOP also have the fastest payback period, with 45 days before after receiving the products. Their competitors payback within 50 days, those extra five days are essential for MUC.
COOP possess the largest amount of supermarkets within Kuwait, and most of the Kuwaiti citizens do their shopping at a COOP. Al Sultan center should be put on second place of where to introduce MUC products. they possess the second biggest amount of supermarkets within Kuwait, and the people shopping within Al Sultan have the highest amount of interest for chicken breast.

# 6. Recommendation

In the end it can be said that there is a lot of possibilities for MUC to extend their business activities within Kuwait. There is some new insight with regards to market entry within this report, MUC has only introduced new products within the Iraqi market but did not have any insights within the Kuwaiti market.
It can be concluded that MUC can offer a cheaper price for the same product and still make a profit on top of it. Sadia is considered very expensive by many of the questioned people but they come back for the taste. MUC has the same quality chicken from the same country of origin as Sadia, the formula for success can be reproduced.

It would be wise for MUC to start out within a few store, in particular COOP. A monthly shipment of 25000kg is a good start to test out the market interests for MUC chicken breast. The profit made from the sales will be small at the beginning because the current cost are quite high. After some time there will be less need for a sales representative because Kuwait only has a few supermarkets where MUC can sell their products, this will take away a major cost.
A other way to lessen the cost is to fully pack a container to 28000kg, this will decrease the cost because it is being spread over more units.
The end goal would be to send out two to three full containers per month so to decrease overall cost and have a higher return on profit.

MUC is well known within the Iraqi market for their fast response time, and all of their customer come back because of that. The same level of dedication needs to be implemented within the Kuwaiti market. Fast responses are essential within the food market, the interviews made it clear that managers want a solid relationship with their suppliers where there is good communication between both of them.

Packaging
A new and interesting packaging should be created for the MUC products. The packaging is of big importance towards the first contact to the consumers. No analysis has been done within this report with regard to the look of the packaging. A good alternative is to copy the Sadia packaging, Sadia makes use of clean and simple packaging where it states what they are. MUC needs to use the same format and also state how fresh there product are on the packaging. Since Kuwait is a Muslim country the packaging will need to include the halal signature.

Promotion
The marketing campaign needs to start out with a heavy discount to attract customers. The surveys have shown that price is not that important to the customers but when it is on promotion they tend to become more interested within the product.
Giving out discount will not be enough, a secondary promotion should be building a stand within the supermarket where free samples are handed out to customer. The promoter can answer any question the customers have with regards to the product and why it is different than the rest of the market.

Building the MUC brand within Kuwait
MUC possess many products that can be introduced later on within the Kuwaiti market. MUC should introduce new products one after the other, if the consumers appreciate MUC products than there is a higher chance the customers will come back and try out other MUC products. The end goal is to build a recognizable brand within Kuwait that is perceived for it quality and great tasting products.

## Financial aspect

If MUC does choose to go through with market entry within Kuwait an illustration of the monthly cost is given underneath. The same team that is used within Iraq cannot operate within two markets, a secondary team will be needed to help establish a market within Kuwait. To sum up, the following monthly costs are in the basis of the operational outline:

Fulltime MUC sale representatives KD 1000
Full time office employee KD 0
Office space KD 0
Logistical cost of 25000 kg of MUC products KD 1500
Marketing employees KD 500
Marketing material KD 750 +
Gross sum KD 3750

The fulltime sales representative monthly salary dependents on the nationality and education of the employee. A Indian employee will be much cheaper than a Egyptian worker. The best choice for this market entry would be a Egyptian team of two person, who are paid KD400 per person. They possess the ability to speak the Arabic language, and all of the supermarket managers that were interviewed were of Egyptian origins.
Travel cost are very low, this is due towards no taxes being imposed on cars and benzene price are some of the lowest within the world. The remaining KD200 will be used for car rentals and benzene.

Since MUC is already operative within Kuwait the team does not need to find themselves a new office space. All operations can be handled form the office within Kuwait city and it is big enough to handle two teams within one space. There are currently an small amount of people within MUC who have minimal work and are not being utilized 100%. There responsibilities will grow by taking on the Kuwaiti market and handling all of the office work needed for that market.

All of MUC products are produced internationally, to receive one full container of chicken breast from brazil will cost around KD1500.

A marketing employee will need to be hired to promote MUC products within supermarkets and think of new promotional material. The best option would be a Pilipino who possess the skill to speak the English language and Arabic language, the salary will be KD400. With this skill set the employee can communicate with most of the people within Kuwait. The travel situation is similar towards that sales representative where he would receive KD100 for all travel expenses. The marketing employee will need funds for the marketing material such as food stand, where free samples will be handed out to potential customers. The employee will receive KD750 monthly which can be used in any way they see fit. This includes the giving away of catalogs, gadgets and other promotional materials to further broaden the MUC brand.

With regards to the timeframe it can be said that MUC can introduce their products within 2017. The Kuwait office is already set up and ready, there is no new help needed, the office can handle more work coming in from within Kuwait.
The biggest focus should be put on the sales team training, and getting them ready to convince COOP owners into putting MUC products within their aisles.

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# Appendix 1 MUC manager interview

**1. What is shortly summarized the strategy of MUC for foreign market expansion?
2. What are your experiences in foreign market expansion? Difficulties, Cultural obstacles, language, political/law structures, finding new clients etc.**

**3. What actions are you planning to implement to strengthen the position of MUC in the foreign market you are managing?**

**4.Which actions towards new client acquisition and existing clients was most successful for you?**

**5. Do you have any new ideas for new sorts of promotional activities or other moves that you would like to try in your foreign market?**

**6. Do you have any tips, suggestions or ideas to increase the market-share of MUC in Kuwait?**

# Appendix 2 supermarket interview

**This interview primarily focuses on the subject of selling and buying products for Carrefour supermarket.**

**Since how many year is Carrefour supermarket operating in Kuwait? How long has Carrefour supermarket been in business?**

**How much experience do you have with product suppliers who want to sell their products within this supermarket?

What is Carrefour supermarket vision and mission, and what makes it different than the other supermarkets within Kuwait?

What are the cost for putting products on your shelves, primarily in the frozen food section?

What is the approximate percentage of a newly introduced product staying on the shelves?

How long do newly introduced products stay on the shelve before the suppliers/suppliers takes it out? what happens if they don’t take them out?

What are the conditions or standards a product needs to meet to be accepted on your shelves?

How many payments will the supermarket make towards their suppliers, in how many periods will everything be paid back and how long are these period (Days ,weeks , months) ? What will the percentages payout be for every period towards the suppliers?**

**Are there special deals you give out to suppliers who take up a lot of shelves?

What kind of customers do you receive within your supermarket? ( high class, middle class, Lower class, or servants of the employers)

Which of your frozen food product are most successfully selling well within your supermarket in Kuwait?
Pizza
Chicken thigh
Chicken Breast
Burger
Fried chicken
French fries**

**What would you give as advice for newly entering suppliers into your store, how can they have a higher chance of succeeding?**

**What would you do to make the collaboration between you and supplier better?**

**What are the obstacles that companies will face if they introduce new products in this market.**

**If you had the chance to change the payments, products, processes, etc.….. what would you do to make the collaboration between you and the supplier better**

# Appendix 3 survey questions

Thank you for participating in this survey for measuring interest within frozen fast-food , your opinion is very much appreciated. Today we will be gaining your thoughts and opinions in order to better serve you in the future. Be assured that all answers provided will be kept in strict confidentiality and are fully anonymous .

For most of the questions we would like you to color in the white circles to black, this will confirm your choice. For the rest of the questions please follow the instructions.

**Gender**



**Country of origin?** ……………………………

**Age**  ……………………………

**How many times a week do you go to the supermarket to buy food ?**

………………

**How much do you spend on your groceries on a weekly basis ?**







**Which of these frozen products do you buy the most from the supermarket? (No more than two answers permitted)**









Please specify your answer underneath if you have chosen other

………………………………………………………………………………………………………

**Which brand of frozen fast-foods do you buy of the chosen product above?**

………………………………………………………………………………………

**In which supermarket do you do most of your shopping? (No more than two answers permitted)**







If other and you’re supermarket is not named please write it underneath and specify.

……………………………………………………………………………………………

When buying your consumption product’s, what are the most important selection criteria’s for you? Please answer all the question by **circling** your answer from one to five, with one being the least important and five the most important.

price not important 1 – 2 – 3 – 4 – 5 very important
presentation most appealing 1 – 2 – 3 – 4 – 5
good marketing quality 1 – 2 – 3 – 4 – 5
organic 1 – 2 – 3 – 4 – 5
freshness 1 – 2 – 3 – 4 – 5
quantity 1 – 2 – 3 – 4 – 5
availability 1 – 2 – 3 – 4 – 5

Do you have any suggestions or complaints towards frozen fast-food products you are currently buying?

…………………………………………………………………………………………………………………………………………………

…………………………………………………………………………………………………………………………………………………

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