

TRUE FRUITS INTERNATIONALIZATION STRATEGY

Consumers are more and more interested in health and lifestyle products. True Fruits, founded in 2006 in Germany, produces “smoothies”. True Fruits’ sales were approximately US\$ 40 million and the company employed 25 employees. By the end of 2016, True Fruits was the market leader for smoothies in Germany. True Fruits products were in great demand. Despite being a small-sized German company, True Fruits already had a presence in three European countries: Germany, Austria, Switzerland. True Fruits faces now the challenge of further international expansion to exploit growth opportunities and increasing sales in other European countries.

True Fruits’ mission is to make healthy living a life style. The company built their brand from the perspective of consumers, combining the best ingredients with the best packaging. True Fruits emphasized simplicity, quality, and purity of smoothies with 100% natural ingredients. The product line now includes nine different smoothies, named according to their color: yellow, purple, orange, pink, white, green smoothie no. 1, green smoothie no. 2, white smoothie strawberry, and white smoothie matcha. It also offered two chia seed juices: chia yellow and chia red.

True Fruits’ consumers are quality conscious, healthy, lifestyle-oriented people, willing to pay a premium for a high-end product. The demand for smoothies depends on consumer preferences, and on per capita disposable income because this determines the consumer’s ability to make luxury purchases such as smoothies. A consumer trend towards increased health consumption is indicated by measures such as the healthy eating index. Also, smoothies are consumed in places with favorable climatic conditions such as higher temperature, proximity to the sea, and average sunshine duration. As such southern European countries show the best climatic conditions. However, the most important driver for demand of smoothies is their price. Customers are willing to pay higher prices for premium products.

The majority of smoothie stores are independently owned. A key to success for smoothie companies was ease of access for the customer. Highly populated areas, with the greatest number of customers, showing new trends in healthy lifestyles are the best locations. For a small company, with limited resources, what could be the best option to enter foreign markets?

Against this background, due to increasing competition in Germany, True Fruit conducted an analysis for going international. A short list of 32 potential European markets were identified. What are the top three countries where the company should expand next ?. Using the correct factors to identify these countries was critical. What are the best countries ?



EXHIBIT : MARKET DATA TABLE

Country	Ease of Doing Business Ranking	GDP per Capita (in \$)	GDP (in \$ billions)	Consumer Expenditure on Fruits per Capita (in \$)	Consumer Expenditure on Fruit and Vegetable Juices per Capita (in \$)	Disposable Income per Capita (in \$)	Total Population (in '000)	Urban Population (in '000)
Belarus	37	5,013.5	48	61.9	8.0	2,987.7	9,487.5	7,379.3
Belgium	42	41,348.9	466	194.8	180.5	23,115.6	11,267.9	11,030.8
Bosnia- Herzegovina	81	4,281.0	16	84.7	80.8	3,554.5	3,816.2	2,004.7
Bulgaria	39	7,285.6	52	46.0	86.7	4,126.5	7,153.8	5,227.2
Croatia	43	12,004.4	50	137.7	89.3	7,658.3	4,190.7	2,484.7
Czech Republic	27	18,342.1	194	135.0	89.1	9,481.9	10,553.2	7,727.3
Denmark	3	53,838.5	306	157.6	180.3	25,780.7	5,687.6	5,004.7
Estonia	12	18,136.0	23	121.3	106.2	9,888.9	1,267.7	888.6
Finland	13	43,124.9	237	280.5	194.1	24,565.2	5,487.3	4,629.0
France	29	38,137.8	2,46	172.3	165.0	23,658.2	64,496.2	56,988.9
Georgia	16	3,810.9	14	23.3	14.3	2,643.9	3,720.4	2,148.1
Greece	61	18,080.5	195	174.9	90.7	12,523.2	10,793.5	8,454.0
Hungary	41	12,673.5	125	69.4	105.1	6,566.2	9,830.5	6,929.8
Italy	50	30,406.7	1,854	227.2	126.7	19,709.6	60,986.8	42,556.5
Latvia	14	13,917.5	27	126.1	79.6	8,332.6	1,969.0	1,339.7
Lithuania	21	14,766.0	43	149.8	88.8	9,387.3	2,888.6	1,943.2
Macedonia	10	5,225.0	11	55.6	81.9	3,523.4	2,067.9	1,240.9
Montenegro	51	6,888.1	4	64.8	39.0	4,631.5	617.2	409.7
Netherlands	28	45,402.2	771	151.4	128.8	21,618.0	16,978.0	14,422.8
Norway	6	70,294.4	367	244.0	379.8	34,640.4	5,214.0	4,209.3
Poland	24	12,228.7	470	57.0	66.2	7,144.6	38,437.2	23,166.4
Portugal	25	19,755.9	204	182.8	62.9	13,240.5	10,341.3	6,619.5
Romania	36	9,469.8	187	90.3	76.9	5,482.5	19,774.9	10,683.6
Russia	40	8,627.0	1,244	116.2	80.2	4,778.9	144,218.2	107,290.3
Serbia	47	5,328.1	38	51.9	69.1	3,794.1	7,074.1	4,112.0
Slovakia	33	16,514.2	90	83.1	72.9	9,532.9	5,423.2	2,944.0
Slovenia	30	21,294.7	44	126.6	103.2	12,761.7	2,064.3	1,029.2
Spain	32	26,578.5	1,233	170.1	117.1	16,474.0	46,374.4	36,251.2
Sweden	9	51,833.8	511	210.6	197.7	25,055.8	9,851.0	8,468.3
Turkey	69	10,617.8	834	164.9	85.7	6,806.0	78,505.1	56,806.5
Ukraine	80	2,032.5	91	32.5	29.0	1,566.0	44,934.1	30,956.0
United Kingdom	7	39,988.1	2,615	173.3	171.3	25,467.1	65,382.6	52,495.0