

« Le Petit Paris »

Part II

The french
de luxe delicatessen



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Highlights

- Luxury sectors in Russia
 - gastronomy and alcohols
 - jewelry and clock industry
 - automobiles, boats and planes
 - fashion and accessories
 - hotels and decorations
- Russian Perception of quality :
 - Based on scarcity and exclusiveness
 - Prestigious shops : high class products
 - Brand
 - Price



- Russian perception of french gastronomy:
- ✓ essential component of french culture : good food and good wine
- ✓ Idea of an expensive meal : french cuisine



www.comitecolbert.com/Etude : La perception du luxe en Russie

S W O T Analysis

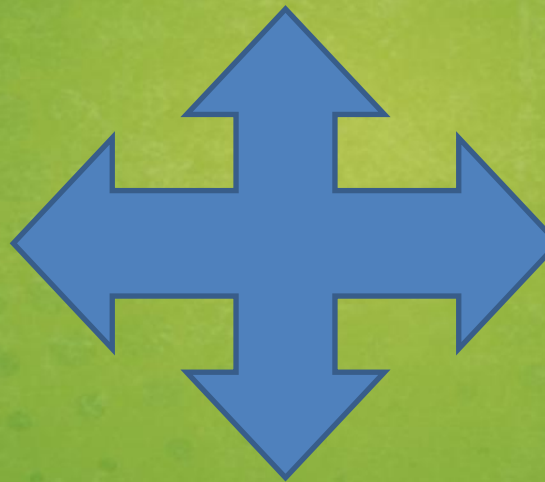
Opportunities

- High demand for french luxury products
- 2010 : French-Russian year
- Increasing purchasing power & rich population
- One of the most attractive wine markets in the world
- Rapid development



Strengths

- Inovative concept with luxury products
- High quality products
- Best suppliers and employees
- Alliance with a local partner



Weaknessess

- Company unknown
- Lack of experience
- Limited capital
- No reputation established
- Language barrier

Threats

- Restrictions on transborder data flows
- Protective country
- New entrants
- Luxurious sector guided by reputation

The alternative market entry strategy

	Risk	Control	Equity	Rank
Exporting	LOW	LOW	NO	4
Contractual Agreement	LOW	LOW	NO	3
Strategic Alliances	MEDIUM	MEDIUM	YES	1
Direct Foreign Investment	HIGH	HIGH	NO	2

Strategic alliance

- We will set up an alliance with a Russian company in order to shore up our weaknesses and increase competitive strengths.
- This partner will have 33% shares in our company.

The different partners possible

- Luxadvor



- Novikov Restaurant Group



Luxadvor



- Luxadvor is a holding of the Russian group OPK belonging to Sergueï Pougatchev
- Luxadvor is a subsidiary specialised in lux products
- Luxadvor acquired the group « Hediard » in 2007
- Sergueï Pougatchev is a major political actor and banker in Russia

<http://www.francesoir.fr/economie/2007/10/13/hediard-restera-une-marque-francaise.html>
<http://eng.opk.ru/>

Novikov Restaurant Group



- Line of business : Luxury Restaurants
- Arkady Novikov is a major actor in the food industry in Russia
- He has good media contacts and could help us in communication
- Arkady Novikov has capital to invest, he spent 3 million euros when opening the « Hediard » grocery in Moscow

<http://eng.novikovgroup.ru/group/group/>

<http://www.eligne.com/60-moscow-luxe-consommation-russe.html>

TARGET GROUP

Main target:

- Wealthy Russian people => 6% of Russian population, 8800 Millionaires
- Target age group: 38 – 62 years (Citizens from the big cities)
- Increasing buying power: 20 to 40 % per year by sector => big potential for our products



Secondary target:

- Diplomats
- Foreigners
- Tourists



The capacity to build brand equity



MARKETING MIX

- Product
- Place
- Promotion
- Price

PACKAGING COMPONENT

- Trademark :



- Brandname : «Le Petit Paris »
- Price : High priced products
- Quantity : Alcohol content & weight
- hazards of transport
 - * Drops and impacts
 - * Compression forces
 - * Vibration
 - * Climatic variations
- Colours : Pink, Black, Violet, Wine, Gold....
- Respect environmental concerns

Product Adaptation

- All products are required to have labeling and relevant information in the **Russian** language
- Wine :
 - ✓ Product's name
 - ✓ Manufacturer's name, trademark and location
 - ✓ Food additives
 - ✓ Storage conditions
 - ✓ Expiry date
 - ✓ Health hazards (children, teenagers, pregnant women..)

Packaging

- Product information must be placed directly on the package in a convenient location.



PRODUCTS

- The cellar



- Savory delicatessen :



- Sweet Delicatessen:



- Chocolates



- Macaroons :



• Confectionary



- Cheese



- Bakery :



- Other items



SERVICES

- GIFT IDEAS



- CATERING SERVICES :



PLACE

Manufacturer



Retailer (Le Petit Paris)



Customer

Grocery



E-commerce

Manufacturers

- Wine: french manufacturers
- Champagne : Viot & Fils
- Confiserie & gifts ideas : The Laduree Paris
- Foie Gras : Georges THIOL, Mayenne
- Cheese: french manufacturers

www.champagne-viot.com
www.laduree.fr



Lux Grocery

- Surface :120 m², sophisticated design: wine, black & gold
- attractive display of products on the shelves
- 3-4 tables for monthly Sunday Breakfast
- Bakery
- Opening hours
Monday-Friday 10 a.m. -19 p.m.
Saturday 9 a.m.-17 p.m.
Sunday 9 a.m. – 12 a.m.



The best place to be in Moscow

- Street « Arbat »



Pedestrian main street, meeting point of the tourists and rich consumers.

E-Commerce : Internet Shop

- Facilitating relationship building
- maintenance in new ways
- Relatively low set-up cost
- Gives flexibility in developing our delicatessen
- Internet has the world's second growth rate in Russia
- www.petitparis.ru

Hediard

Продукци
я

Подарк
и

Услуг
и

Каф
е

Кулинари
я

Новост
и

Клиент
ы

Контакт
ы

Кофе



Сладости



Винотека



Горячие закуски

Супы

Ризотто и паста

Котлетное меню

Рыба

Мясо

Гарниры

Сэндвичи, панини

Десерты

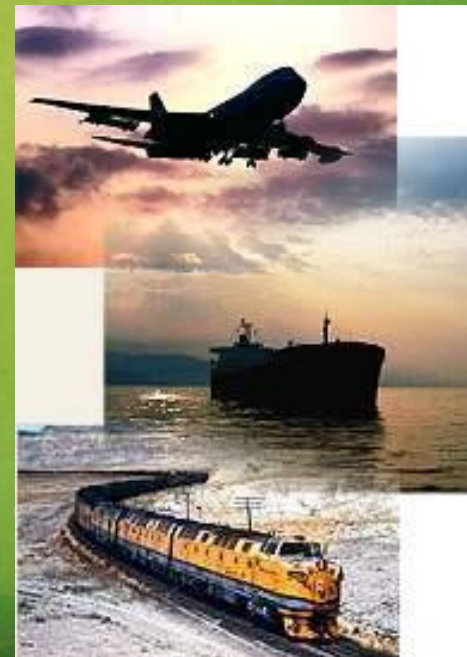
Завтраки

HediardПродук
цияПодаркиУсл
угиКафеКулина
рияНовостиКли
ентыКонтактыЧ
то акое Hediard
История дома
Магия бренда
Hediard
Лаборатория
качества
Профессионал
ы своего дела
Атмосфера
бутиков



- **Pick up point in Russia**

- In charge of transport from France to Russia,
- Storage place in Russia
- In charge of supplying



COMMUNICATION

- Objective :

Brand awareness and brand image

- Message :

Combining luxury, elegance and modernity

- **Advertising**

- Media : Newspapers, magazines, radio, our website (www.lepetitparis.ru)and other websites, billboards, TV ...

We intend to inform and persuade .

- two basic aspects of advertising :

The message (what we wantto convey)

The medium (how we get our message across)

- **Sales Promotion** (Push strategy)

Opening ceremony with renowned people

Our originality :

- Master-class : Training day our french technical know-how
- Wine tasting session and other products. (4 times a year)
- Monthly Sunday morning french breakfast (about 15-20€).

Objective

- To familiarise customers (especially Russians) with french products.
« eg: The consumption of wine.

In general non french consumers ignore the way wine is served : which temperature, in which glass



- Sponsorship :

-Olympic winter game in 2014



To be a sponsor of the JO.

Action : to implant one shop in Sochi around 2012



PRICE



Overall price strategy

Skimming pricing

- Objective : reach the segment of the Russian market that is relatively price insensitive
- Wealthy Russians are willing to pay a premium price for the value received
- This price strategy will be efficient because in Russia there are only two income levels (rich and poor)

Justification of the skimming pricing strategy

- Functional benefits

The high price is an indication of good quality

- Psychological benefits

They believe it is a sign of self worth - "They are worth it"
- It authenticates their success and status - It proves to others that they are a member of an exclusive group;

- Social benefits

They will show to others that they have a high social class

How to set up the price

	Method	Advantages	Disadvantages
Cost plus pricing	<ul style="list-style-type: none">-Calculate the cost of the product-Then Include an additional sum that represents the profit	<ul style="list-style-type: none">-Easy to calculate-Minimal information requirements-Insures seller against unpredictable cost	<ul style="list-style-type: none">-Provides no incentive for efficiency-Tends to ignore the role of consumers-Tends to ignore the role of competitors
Value based pricing	<ul style="list-style-type: none">-Price is set on the perceived value to the customer-Survey method can be helpful to set up the price	<ul style="list-style-type: none">-The profit can be very high depending of the product	<ul style="list-style-type: none">-Hard to evaluate-Rely on the understanding of how customers measure value
Competitor indexing	<ul style="list-style-type: none">-Look the price of our competitors-Then determine our price	<ul style="list-style-type: none">-Easy to use	<ul style="list-style-type: none">-It is a purely reactive strategy-Thus no control of the price

The cost plus pricing of our champagne

Manufacturer price net: 30€

Costs :

- Freight and transit cost : 15%
 - Custom duties : 20%
 - Other fees : 10%
- Total cost : 13.5€

Margin : 30 % / 13.5€ / 542 Roubles

Selling price : 57€ / 2,289.70 Roubles

<http://www.russian-customs-tariff.com>

<http://www.customs.ru/en>



Pressures on price and tax problem

Pressures on price:

- The exchange rate fluctuation between EU and Russia is quite important
- Currently the exchange rate is : 1€= 43,29 RUB
- Inflation is quite high in Russia, in 2009 the rate was 16%

Tax problem:

- We will make all the benefits in Russia, as our company is incorporated in France we will have to pay tax on our dividend flow.

MANAGEMENT ORGANIZATION



Business Plan

Short
term
0-1 year

- 1 grocery, Moscow
- Recruitment
- Website creation
-

Medium
term
2-3 years

- Second grocery in Moscow
- Target new cities St. Petersburg, Novosibirsk
-
-

Long
term
3-5 years

- Target three new groceries: in Novosibirsk, in Yekaterinburg, Nizhny Novgorod <cities bien desservies> => **6 shops together**
- **In 2014 – Olympic Games, target: new grocery in Sochi**