

# « Le Petit Paris »

## Part II

The french  
de luxe delicatessen



Richard Fauvel  
Mikafui Akrobotu

Malgorzata Marciszewska  
Elodie Lenesley

# 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](http://www.comitecolbert.com/Etude) : La perception du luxe en Russie



# S W O T Analysis

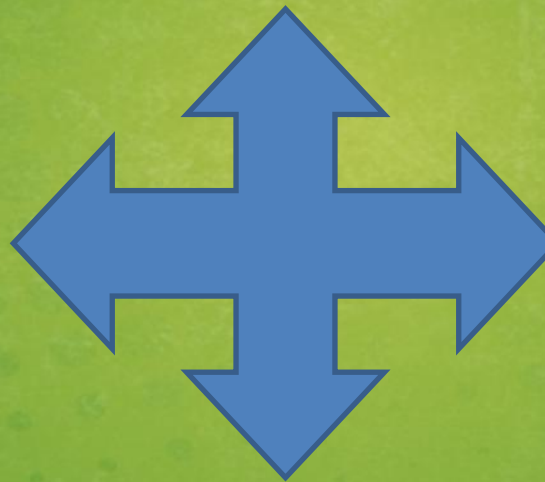
## Opportunities

- 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](http://www.champagne-viot.com)  
[www.laduree.fr](http://www.laduree.fr)





# Lux Grocery

- Surface :120 m<sup>2</sup>, 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](http://www.petitparis.ru)



Hediard  
Продукция  
Подарки  
Услуги  
Кафе  
Кулинария  
Новости  
Клиенты  
Контакты  
ЧТО такое Hediard  
История дома  
Магия бренда  
Hediard  
Лаборатория  
качества  
Профессионалы  
своего дела  
Атмосфера  
бутиков

Кофе



Сладости



Винотека



Горячие закуски

Супы

Ризотто и паста

Котлетное меню

Рыба

Мясо

Гарниры

Сэндвичи, панини

Десерты

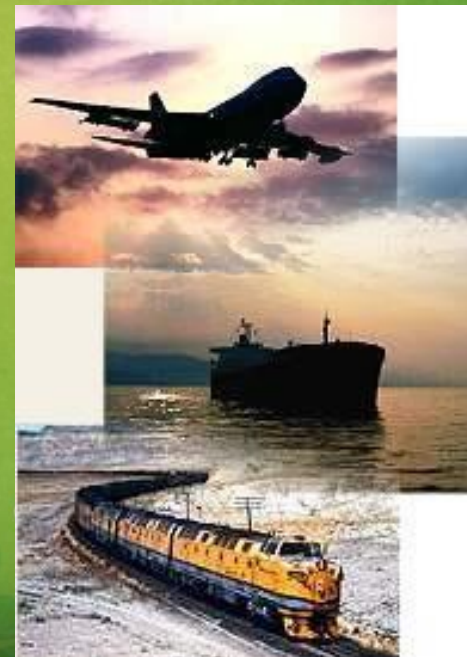
Завтраки





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



# 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**