

INTERNATIONAL MARKETING

COUNTRY - **GERMANY**

PRODUCT - JUTE HANDBAGS

PRODUCT, MARKET SELECTION, MARKET ENTRY

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About: The Jute Company



The Jute Company



**Murshidabad | Goalpara |
Katihar**



Turnover: 500 Cr (Fy 2020)



**USP: Highly woven and
functional polished material**



Company Vision

To be the leading global jute products company that adhered to industry standards, admired by society, adored my mother earth, and appreciated by stakeholders.



Business Mission

To blend an aesthetic lifestyle with our convenient and eco-friendly jute products

Partners

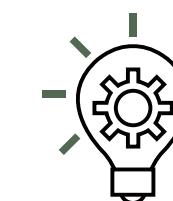
TRENDS
GET THEM TALKING

H&M **max**

homecentre

TruckGuru™
ALWAYS ON TIME

Reason for The Jute Company's Existence



The need to have an eco-friendly solution for a frequent use handbag



in times of extreme pollution around the globe



A creative idea of blending basic needs with designs and making multi-purposes jute bags.

Reasons for The Jute Company going International



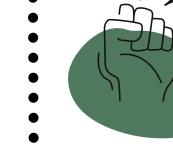
New Audience



Diversification in Business Revenues



Blue-Ocean Strategy



Demand for Eco-friendly products



Global Brand Exposure

Potential New Customers

Leaving Hot-Fight Markets

Jute possessing all the qualities

nourishing company reputation

More Sales & Increase in Margins

Creating a Footprint where competitors don't operate

Indian Emotions & Culture sells better in Foreign Markets

gaining greater credibility

Germany Market Justification

India's largest trading partner in Europe> Among India's top 10 global trade partners> More than 1600 Indo-German collaborations> 600+ Indo-German Joint Ventures in operation

1.7 lakhs+ Indians & Indian origin> 17500+ Indian Students> Hamburg & Berlin to be targeted having largest share in commercial relations with India and have big markets for jute bags. (Stuttgart & Munich will be future potential)> 17th Rank in Ease of Doing Business

Segmentation

College Students



16+ | Female Students

Product: College Handbag

Usage: Fashion | Multipurpose

Households



Families

Product: Household Jute handbags

Usage: Shopping

Wine Enthusiasts



Elite working Professional

Product: Wine Bags

Usage: Stylish Bags for Wine bottles

About : Products



College Handbag



Household Handbag



Wine Handbag

Material

Jute Hessian	Jute Hessian	Jute Hessian
--------------	--------------	--------------

Thread Count

300	200	400
-----	-----	-----

Stich Style

Handwoven	Handwoven	Handwoven
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Price Range

INR 2016 / Euro 24 (Avg of all 3 products)
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Packaging



Volume per package/ Carton

Package Size:

1.5* 1.5ft * 2ft (W*H*L)

Product size with cover (Bottom-Folded):

45cm * 45cm * 1cm

Bags per package = 63

Weight per product = 100g

Package weight = 6.3Kg



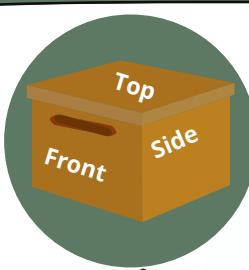
Volume per container

Container Size:

8ft * 8.5ft * 40ft (W*H*L)

Package per container = 604

Weight Per Container = 3805.2 Kg



Front Side: (English) & Back Side (German)

MODEL: Handwoven Jute Handbag

HS Code: 42022230

GENDER: Female

COMPOSITION: 80% Jute, 20% Cotton

SIZE: 45cm * 15cm * 45cm (L*B*H)

MONTH OF MFG: September-2021

PRODUCT: Jute Tote Handbag

STYLE CODE: 4123

WEIGHT OF UNIT: 100g

NET QUANTITY:

The Jute Company

Country of Origin: India

MANUFACTURED & DISTRIBUTED BY:

THE JUTE COMPANY PRIVATE LIMITED

Floor 2, Amar Paradigm, Bamar, Murshidabad, West Bengal, India

FOR CONSUMER COMPLAINTS:

Please contact office of The Jute Company Pvt Ltd at above address &
Phone No: (+91-832***** & Email: customercare@tjc.com

ORIGIN PORT: KOLKATA SEA, INDIA

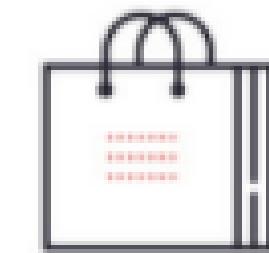
DESTINATION PORT: HAMBURG PORT, GERMANY

MRP: 24 Euro (Inc. of all Taxes)

(To be sold only in Germany)



Top, Sides & bottom



The Jute Company



Packaging Samples



Material: Nylon
Weight: 50 grams
Size: Available in 2 size for 3 products (Breadth * Length)

1. 50 cm * 50 cm (For College and household bags); Price Tag tied to handbag
2. 12 cm * 30 cm (For wine hand bags); Price: INR 2016

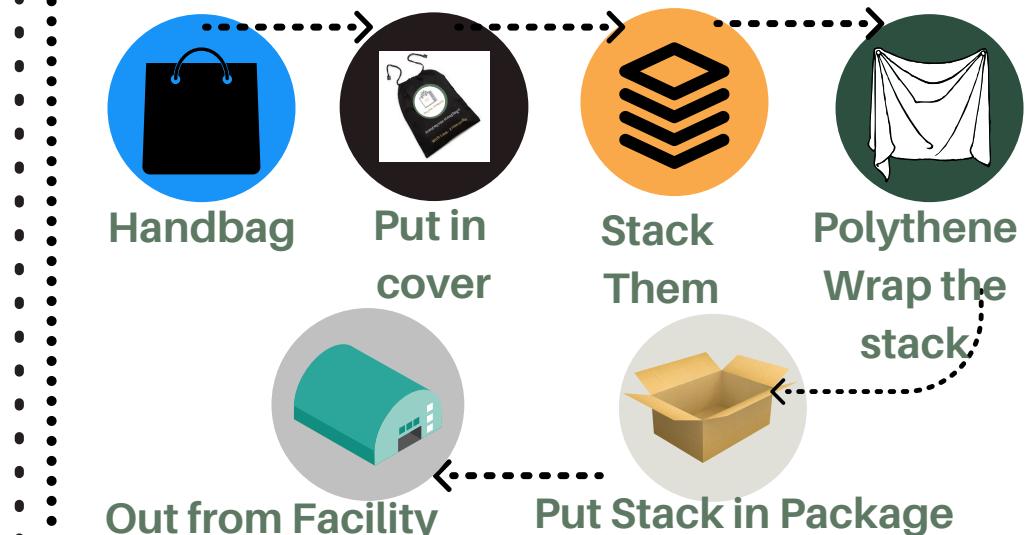
Packaging Tapes

Tapes with handling Instructions

1. No Hooks
2. Keep dry

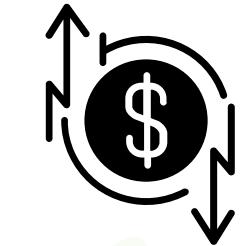


Packaging Process

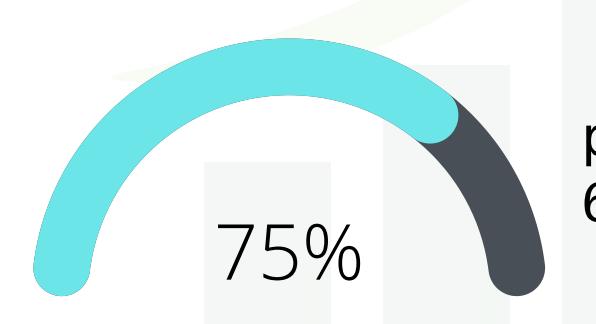


Economic Features**Income of the country****Projections**

- grow by 2.9% in 2021
- 4.1% in 2022
- 2.4% in 2023



Growing per capita income, currently at \$34,297/year
(OECD average = \$33,604/year)



people aged 15 to 64 have a paid job

considerable gap between poorest and richest



24% of net wealth held by the top 1%

Political Features**Government Stability****Germany scores in**

1. Political Stability Index - **0.67**
2. Rule of Law Index - **1.56**
3. Regulatory Quality Index - **1.56**

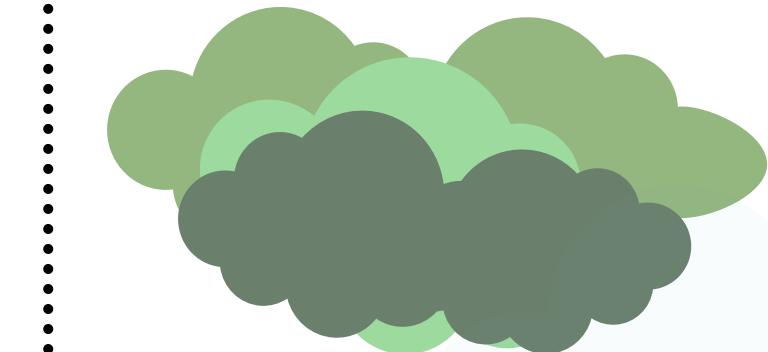


Performing **fairly well** when compared with world average in each aspect

International Relations

Germany is India's largest trading partner in Europe

Bilateral relations based on mutual trust and respect

Physical Features**Climatic Conditions**

Moderately Continental



Averaging at 22°/24° Celsius
June through August



Averaging at 0°/2° Celsius
December through February



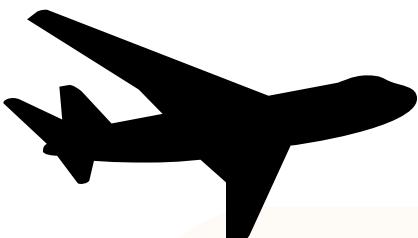
Mild climate, generally warm and temperate.



Heavy rainfall overall, annual rainfall averaging at 850mm

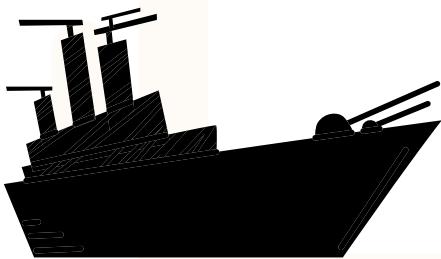
Transport and Communication

Mode



Primary Air Cargo locations (future plan)

- Kolkata Air Cargo
- Delhi Air Cargo



Primary Ports locations

- Kolkata Sea
- Nhava Sheva Sea
- Cochin Sea

Container Size:

8ft * 8.5ft * 40ft (W*H*L)

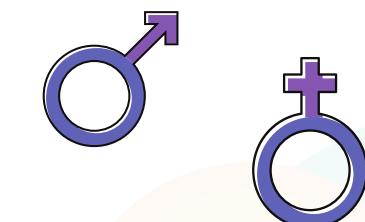
Package per container = 604

Weight Per Container = 3805.2 Kg

= 1 container per shipment for export to Germany

Market Size

Population of the country -
83,240,525
Urban - 77.5% (64,511,406)
Rural - 22.5% (18,729,118)



Population Distribution (Gender wise)
Male - 48.9%
Female - 50.6%

Most populated cities
1. Berlin
2. Hamburg
3. Munich



Average number of people in a family = 4
Household (16-59 years) population = 20,810,131

16-69 years - 71.9% (59,849,937)
Average wine consumers - **39,200,000**

ESTIMATED MARKET POTENTIAL = 60,010,131

Industrial Development

FDI

Germany ranks among the **top 10** as a recipient of FDI

FDI Stocks - **40% increase** since 2010

Approximately 70,000 companies operating in Germany at the moment, employing 3.5 million people

Scope of Expansion

Current focus - B2C

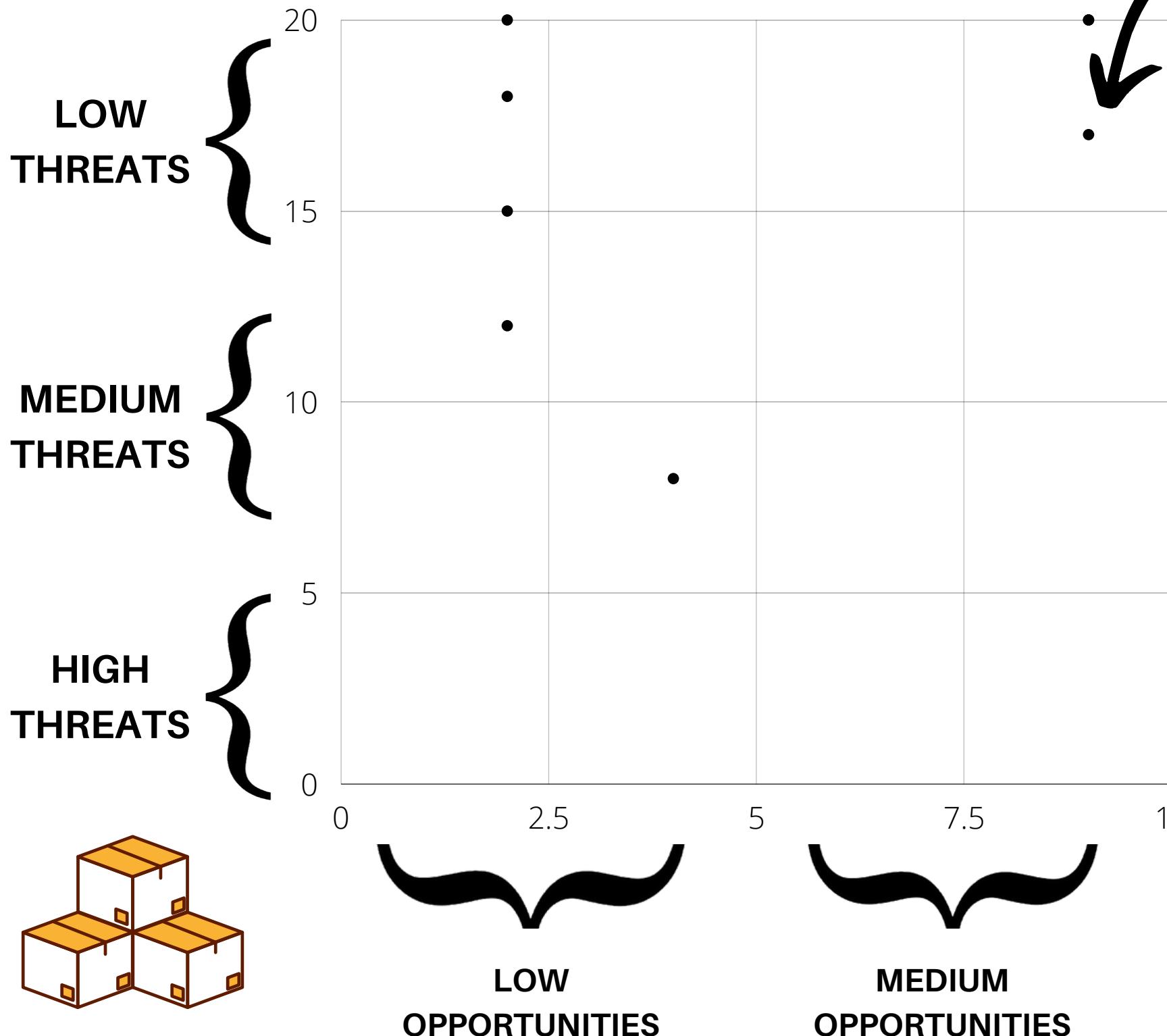
1) B2B



2) UGC



INDIA'S PRIORITISATION FOR EXPORT OF JUTE (COUNTRIES)



GERMANY

LOW THREATS, MEDIUM OPPORTUNITIES



German consumer profile

Quality over quantity - research as much as possible about alternatives available, **even if it costs more**

Among the **most demanding** in the world, like to have **power** in their hands while making purchase decisions

High confidence - Monthly CCI has been strong, picking up each month in 2021

Receptive - would be open to international products, albeit keeping local and national products as first preference

Issues to be addressed with regard to exports

- ▶ High and unstable
- ▶ Limited designs and variety
- ▶ Inconsistent quality
- ▶ Poor service levels
- ▶ Lack of relationship building with suppliers
- ▶ Lack of marketing efforts and awareness

Direct Export

Phase 1 - Foreign Distributors

1. Entry with **low risk** and some **control over the operations**.
2. Building **Awareness** about the company
3. Make products **available**.
4. Understanding the market and customers (**Feedbacks**)
5. Establishing a **short distribution channel**

Phase 2 - Franchises (setting up shop)

1. Physically entering German market with outlets for **B2B and B2C solutions**
2. Setting up **customised retail stores** introducing subscription models and discounts/offers
3. **Expanding** the product line to other uses of jute (clothes, fabric, furniture)
4. Higher control over operations and higher growth of customer base

Distribution Channel

Selective Distribution

Level 3 Channel



Manufacturer

Manufacturing unit set in India, exporting goods

Foreign Distributor

Setting up an agent in Germany to carry out marketing of products



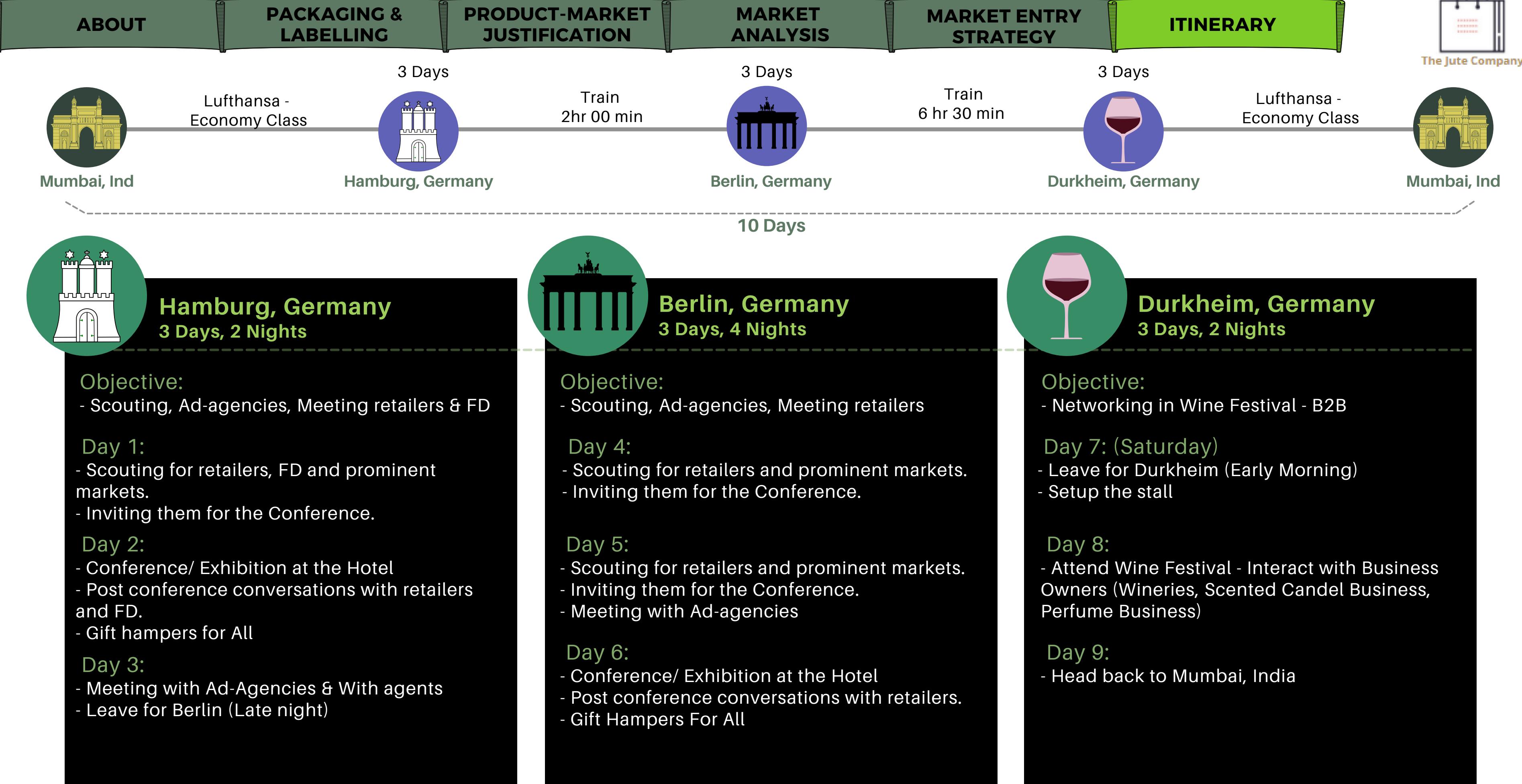
Consumer

Locating end users in target market through advertisements

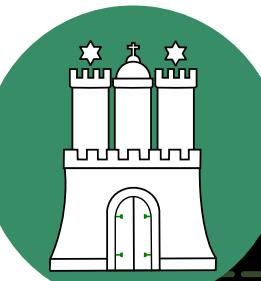
Retailer

Retail stores in populated areas such as convenience stores, supermarkets





Gift Hamper: All 3 products, 1 Hand Written Card, Khaadi Kurta for Men & Saree for Women, Wine kept in TJC Wine bag, 1 Hamper (**40 Hampers @ Rs 3100 Each**)



Hamburg, Germany

3 Days, 2 Nights



Boutique 125 Hamburg Airport by INA (4 Star hotel) Rs 60,000

Day 1: Rs 25,200

- Farmers Market, St Pauli Night Market
- Food | Intracity Travel (Rs 21000 + Rs 4200)

Day 2: (Conference Planning) Rs 1,13,400

- Hall Booking 5 hours (AC Hall, With a Stage, Name)= Rs 21,000
- People Invited = 25
- Buffet cost = Rs 84,000
- Food = Rs 8,400

Day 3: Rs 32,800

- Food | Intracity Travel | Intercity Travel (Rs 21,000 + Rs 4,200 + Rs 7,600)

Rs 2,31,400



Berlin, Germany

3 Days, 4 Nights



Motel One Berlin - Alexanderplatz, Berlin (4 Star) Rs 75,000

Day 4: Rs 31,080

- Arkonaplatz Market, Markthalle Neun, Neukolln
- Food | Intracity Travel (Rs 25,200 + Rs 5,880)

Day 5: Rs 31,080

- Food | Intracity Travel (Rs 25,200 + Rs 5,880)

Day 6 : (Conference Planning) Rs 1,17,600

- Hall Booking 5 hours (AC Hall, With a Stage, Name)= Rs 25,200
- People Invited = 15-20
- Buffet cost = Rs 84,000
- Food = Rs 8,400

Rs 2,54,760



Durkheim, Germany

3 Days, 2 Nights



ACHAT Hotel Bad, Durkheim (4 Star) Rs 55,000

Day 7: Rs 36,540

- Food | Intercity Travel (Rs 25,200 + Rs 11,340)

Day 8: Rs 21,200

- Food Rs 21,000

Day 9:

- No Expense

Rs 1,12,740

German Business Etiquettes to be kept in mind



Punctuality



Handshake (Firm & Brief) & Eye Contact



Respect Chain of command



Workspace Dress



Using Titles



Gift Giving : Good quality, Authentic & Not overly expensive



Documentation Required

1. Proforma Invoice (TJC - Buyer)
2. Finalizing Sale
 - a. Payment terms
 - b. Incoterms
 - c. Shipping method
3. Shipping Quote (Freight Forwarder - TJC)
4. Commercial Invoice (Exporter - Importer)
5. Certificate of Origin (Handedover to Freight Forwarder)
6. Shipper's letter of instruction (Handedover to Freight Forwarder)
7. Booking Confirmation (Shipping partner - Freight Forwarder - TJC)
8. Bill of Lading (Shipping cell - Freight Forwarder)
9. Packing List (Exporter - Importer)
10. Letter of Credit (Importer Bank - Exporter Bank)



Government Related Benefits / Taxations

- GST payment is waived off by the government.
- Export Market Development Assistance (EMDA)
 - Facilitates exporters to participate in International fairs & business delegations abroad.
 - 50% of the max cost of participation in an international event with a ceiling of Rs 3.75 Lakhs to cover rent, decoration, air travel and boarding expense.
- Corporate Tax: **22%** for existing companies.
- Incentive Scheme for Acquisition of Plant & Machinery (ISAPM) for modernization Mills & JDP units.
- Workers' welfare scheme

Export Process



EXPORT & SUPPLY CHAIN

TRANSPORTATION

IMC

AFTERCARE

BUDGETING

PRICING & BREAK EVEN



The Jute Company

4 Detention Days

4 Demurrage Days

On Exporter's Side



Hiring Freight Forwarder



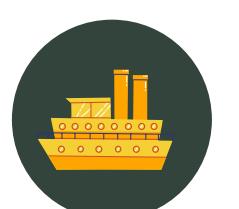
Manufacturing of Jute Bags



Finalize shipping details



Ready for shipment



Books a shipment



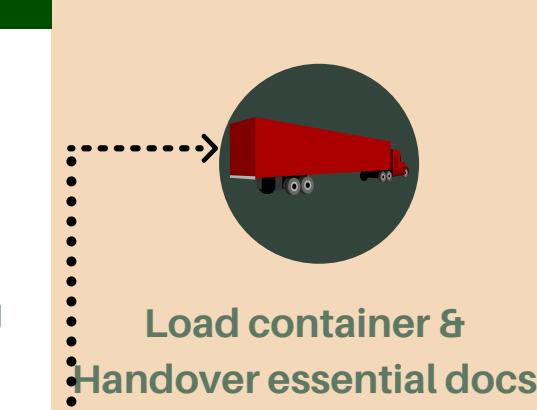
Packaging & Labelling



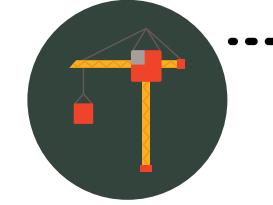
Brings Container to TJC Warehouse



Package ready to be dispatched



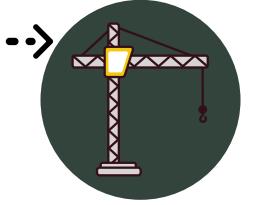
On the Ship



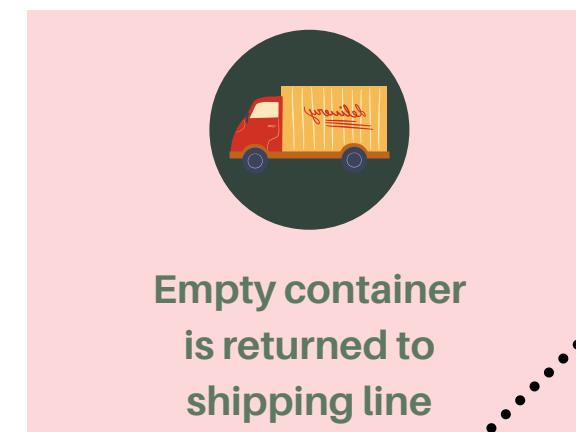
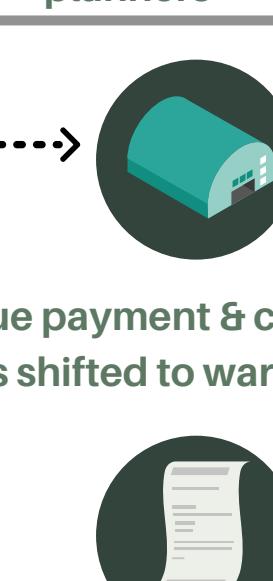
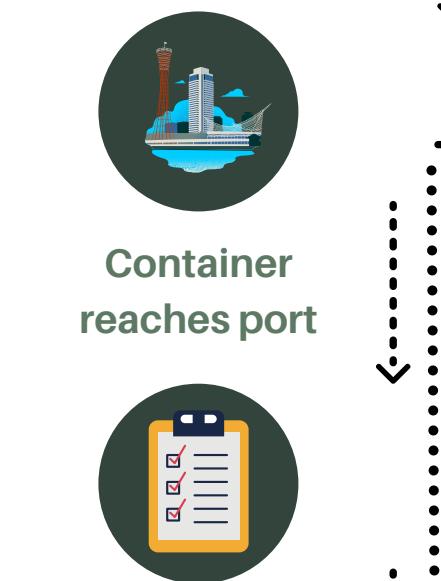
Cargo Loading
as per Cargo planners



Scheduled Checking of containers



Unloading of cargo by port cranes



On Importer's Side



Empty container is returned to shipping line



Unloads at Importer's Warehouse



Different Retail Shops



Stacking at shelf



Customer purchase

EXPORT & SUPPLY CHAIN

TRANSPORTATION

IMC

AFTERCARE

BUDGETING

PRICING & BREAK EVEN



Via Road

Murshidabad, India



Kolkata, INCCU India



Via Sea
Hamburg, DEHAM Germany



Destination

Freight Forwarder Partner : Truckguru

Job: Bringing Container to Factory || Loading Packages into container || Delivering to Shipping company || Helping with paper work.

Truck Type: 40 Ft open trailer. **Job days:** 3-4 days

Load capacity: > 4 tons

Why Truckguru ??

- Live Tracking
- Highest Rating
- Exp Drivers
- Live Support
- Fastest

Insurance & Shipping Partner : CMA CGM

Job: Stacking cargo as per cargo planners plan || Shipping to Germany || Insurance coverage

Container Type: FCL 40 Ft (Std) Dry; Count = 1

Incoterms : CIF **Voyage :** 10 days **Cargo Weight :**

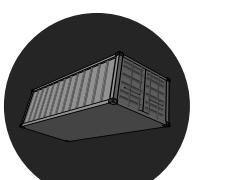
Why CMA CGM ??

- Minimum cost
- Insurance cover
- Free : 4 detention & demurrage days
- Fewer stops

Day 1



Freight Forwarder
Truck leaves to pick container



Pick-up container from Container Depo/ yard & leaves for Murshidabad

Day 2



Truck Reaches the factory



Packaging Loading. Leaves for port

Day 3



Reaches Kolkata port



Port Warehouse

Day 4



Buffer Day

FREIGHT FORWARDER COST (INR)

Murshidabad - Kolkata 28,844

CARGO INSURANCE COST (INR)

Kolkata to Hamburg port 22,830

Forwarder & Insurance cost : INR 51,674

FULL CONTAINER LOAD FREIGHT (INR)

Basic Freight 6,15,600

Bunker Adjustment Factor 16,500

ORIGIN FCL FREIGHT LOCAL (INR)

Terminal Handling Charge 15,500

Seal Charges 675

Mandatory User Charge 170

Bill & Landing Fee 4,300

Collect Fee 0

Freight BOOKING COST : INR 6,52,745

Total Shipping & Transportation Cost : INR 7,04,419

Integrated Marketing Communications (IMC)

Advertising Agency - ECHO POSTER

 Berlin, Germany

Urban marketing solutions specialising in OOH advertising and ambient marketing

Approximate cost per project/campaign - **€10,000**
(INR 840,000)



Year 1 - Initial Advertising

"Creating a brand for an ordinary product"

- Unconventional forms of advertising and promotion
- Primary focus is on awareness about product range
- **Pulsing Advertising** - occasional ads, reminding the consumer of functions
- **Print media** - Newspaper Ads, Area posters, Mobile posters in and around Reichstag, Brandenburg Gate

Year 2-5 - Customer base expansion

Building the brand

- Less focus on promotions and higher margins given to advertising
- Create subscription models to retain loyalty and customers
- Trade shows kept as main stage for showcasing new product lines
- Scouting for expanding business by the 3rd year. Potential locations - Stuttgart, Munich

Year 3 onwards - B2B Solutions

Expanding service output to businesses

- Exploring business solutions for expansion
- Main focus element - the packaging
- Partnering with wineries and convenience stores for promotion
- Year 4 - Setting up physical stores for UGC initiation

Digital Marketing Partner - STARTLING BRANDS

Targeted branding solutions in the digital space

 Berlin, Germany

 **≈€5,000 per project/campaign**
(INR 420,000)

- Logo enhancement (Branding)
- Website development, SEO optimisation
- Exploring B2B solutions in later stages for expansion

- Release subscription models and discount coupons before launching website

F
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Y
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THE JUTE COMPANY

AUS INDIEN, MIT LIEBE!

Coming from the homeland of jute cultivation, one of India's biggest player in the jute industry is now in Germany!

Embroidered Shopping Bags

Wine Bags

Embroidered College Bags

Find us at exclusive retail stores in and around your neighbourhood!
(Turn around for the list of retailers)

PSST! Bring along this flyer to avail a 10% discount on your first purchase!

Initially distributed in Hamburg and Berlin, customising flyers later for other cities during expansion stage

Berlin

- Popular social spots such as bars, clubs (Süss War Gestern, Anomalie Art Club), shopping sites
- Outside universities - Berlin Institute of Technology, Humboldt University of Berlin, etc.
- Cafes, restaurants, museums

Hamburg

- Home to one of the biggest transportation hub in Europe - distributing flyers around the famous harbour area
- Clubs and Bars - Le Lion Bar de Paris, Skyline Bar, etc

Also distributed along with newspapers and lifestyle magazines



After-Care & Customer Loyalty Program



Distributors allotted Retail Stores around the cities



Customers will give their old bag and will get **2x points Voucher** than the value of that old bag that they can redeem at any of the affiliated stores



Customers coming with more than 3 old bags will get a **Wine/Beer Bag** for free

Customer Relationship Management



Adoption of CRM software from ZOHO corporation

- Dedicated team of 4 for customer queries or grievances at the start of the business and will gradually increase
- Chat Bot for solving customer queries at ease and resulting in faster resolution
- Adding of an extension of Knowledge management to CRM helping our CRM Team to quickly navigate through problems using Decision Trees and sharing picture guides with customers

These all strategies will help in **faster resolution** and **good retention rate**

Phase 2/ Future Potential: When The Jute company will have more presence and will have franchisees in place then we will come up with more incentives like **customisation** and will **create longer relationships** with customers.



COST SHEET

Export Costing sheet (per export cycle)	
Particulars	Amt (Rs.)
1. Product Costs	
Raw Material	1849327.2
Labour	475650
Admin Cost	1211480.55
Direct expenses	237825
total domestic cost	3774282.75
2. Cost of Sales and Promotion	
Travel expenses	370160
Promotional activities	1470000
Translation	155424
Legal expenses	
3. Prep for Transport	
Labelling & Packaging	390520
Total price EXW	6160386.75
4. Other costs for transport prep	
Invoices	4300
Other docs	37,145
Freight forwarding	28,844
Total cost (ready for transport)	
6. Port charges and loading	
Detention and storage	0
Total price FOB	6230675.75

FREE
DETENTION
PERIOD OF
4 DAYS

7. Main carriage	
Freight	615600
Misc.	845
Total price C&F	6847120.75
8. Insurance coverage	
Insurance of goods	22,830
Total prce CIF	6869950.75
9. Unloading charges	
Terminal Handling	15,500
11. After sales service	
Cost required for aftersales service	30000
12. Export financing costs	
Hedging of foreign exchange	
Total cost before cost margin	6915450.75

Itinerary and Travel Costs	
Particulars	Amt. (Rs.)
1) Visa	20,160
2) Flights (to and fro)	3,00,000
3) Hotel stay	1,95,500
4) Conferences (hall booking, buffets, food expenses, gift hampers)	3,55,000
5) Food, Travel	1,77,900
6) Misc.	50,000
	10,98,560

PRICING (based on Cost-Plus Approach)



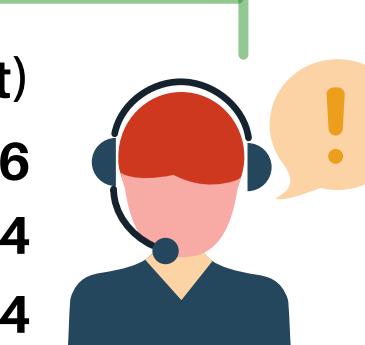
The Jute Company

- (a) Cost of Production/unit = **181.7**
- (b) TJC to Foreign Distributor = **957.6**
- Margin obtained = (b) - (a) = **775.9**

Foreign Distributor (Agent)

- (a) Buying Price = **957.6**
- (b) Foreign Distributor to Retailer = **1340.64**

Margin obtained by Distributor = (b) - (a) = **383.04**



Retailer

- (a) Buying Price = **1340.64**
- (b) Retailer to End Consumer = **2016**
- Margin obtained = (b) - (a) = **675.36**



End Consumer

Average Price for the 3 Products offered = **INR 2016**
(Approximately €24)

SALES PER MONTH AND BREAKEVEN

College Handbags				
City	Population	Female Population (50.6%)	Target Population (18-25 Yrs - 11.2%)	Penetration Rate @ 10%
Berlin	3640000	1841840	206286	20629
Hamburg	1840000	931040	104276	10428
			Handbags sold in 2 Years	31056
			Monthly Sale of Handbags	1294

Assumption: A student buys a college handbag once in 2 years.

Wine Bags				
City	Population	Number of Households	Wine Consumers (16-69 Yrs) (71.9%)	Penetration Rate @ 3.5%
Berlin	3640000	910000	654290	13086
Hamburg	1840000	460000	330740	6615
			Wine Bag Sales in 4 Yrs	39401
			Monthly Sales of Wine Bags	820

Assumption:

- Size of Average Household: 4 People
- A family buys 2 Wine bags once in 4 years.

Household Handbags			
City	Population	Number of Households	Penetration Rate @ 7%
Berlin	3640000	910000	63700
Hamburg	1840000	460000	32200
		Household handbag Sold in 3 Yrs	95900
		Monthly Sale of Household Handbag	2664

Breakeven Point (Units) = Fixed Cost / (Selling Price per unit - Variable cost per unit)

$$\text{Breakeven Point (Units)} = 43,524,899 / (2016 - 96.124) = \text{22671 Units}$$

Assumption: A family buys a household handbag once in 3 years.

Calculating Breakeven Period	
Bags to be sold to reach Breakeven	22671
Total Monthly Sales (Units)	4778
Break Even Period (Months)	4.7

SOURCES



- <https://info.worldbank.org/governance/wgi/>
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