International Marketing Strategy for Singapore SMEs – BreadTalk’s Approach

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ABSTRACT

In today’s competitive environment, developing an international marketing strategy is widely used by many companies to broaden business perspective, remain competitive and fulfill customers needs across the globe. The new terminology for SMEs in Singapore reflects the changing economic landscape and diversified profile of businesses where tangible fixed assets may not adequately reflect company's size or stage of development. SMEs in Singapore play a pivotal role in generating economic well-being for most companies especially as they represent the main part of the industrial base. This paper attempts to examine the international marketing strategy for SMEs in Singapore through a detailed analysis of BreadTalk's approach. It is no secret that it is currently one of the most successful SMEs and its strategies can be applied to many others.

Keywords: International Marketing Strategy; Cultural; Economic Environment; International Commitment; Brand Adaptation; International Experience; BreadTalk’s Approach.
1. New Definition of Singapore SMEs

The Ministry of Trade and Industry announced that from 1 April 2011, SME will be defined as "businesses with annual sales turnover of not more than $100 million or employing no more than 200 staff." Currently, SMEs are defined as enterprises with fixed asset investments of $15 million and below for those in manufacturing, and employment size of 200 and below for non-manufacturing enterprises.

"The new definition reflects the changing economic landscape and diversified profile of businesses where tangible fixed asset may not adequately reflect the size or stage of development of a company," said Mr Png Cheong Boon, chief executive of SPRING Singapore.

"It helps us to better focus and allocate relevant resources, including grants to assist the SMEs. By using sales turnover or employment, we are also more aligned with global practices and this facilitates benchmarking."

The modification will ensure that businesses that meet the new definition of "small" - either by sales or employee strength - will be able to qualify for support, regardless of their fixed assets. The change is also in line with international benchmarks in Asia-Pacific and Europe. While SMEs definitions vary from country to country, they commonly incorporate revenue and employment criteria, SPRING said in a statement.

The new definition will slightly increase the number of SMEs here to 154,100, from 153,400 now. With this change, 99.3 percent of enterprises in Singapore will get classified as SMEs. Conversely, some large manufacturing operations that currently qualify as SMEs because they are "asset-light" will cease to be eligible.
People issues the biggest and most complex challenge facing Singapore SMEs

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SMALL and medium-sized enterprises (SMEs) reportedly contribute to more than half of Singapore's economic output and employ seven in 10 workers, so it is no wonder that this pillar of the economy has been receiving heightened attention from the government in recent times.

Given their value and dynamism, human capital and management consultants Aon Hewitt has added a "Special Recognition" category for SMEs to its Best Employers-Singapore awards this year; Goodrich Global Pte Ltd was named Best Employer among SMEs. Aon Hewitt began studying best hiring practices in 2001 to gain insights into what companies do to create a real competitive advantage through their people, and what they do to make their companies workplaces of choice. From this, Aon Hewitt also identified the best employers in Singapore and in the region.

Adding the "Special Recognition" category for SMEs enabled a deep dive into the people issues faced by companies in this segment, and also helped identify the key areas in which a disconnect exists between an employee and an employer's perceptions and expectations.

1.1 People issues

People issues (attracting and retaining talent.) are, quite strikingly, the biggest and most complex challenge faced SMEs in Singapore. If you ask fresh graduates where they want to work, they would usually cite Google, Facebook and other tech or multinational companies. Very few would say that they prefer to join an SME. This is primarily because SMEs have never invested in building strong and compelling employer's brands.

Best employers share four common characteristics - high employee engagement, a unique and compelling employer brand, effective and engaging leaders and a high-performance culture in
the organisation. High scores in those four pillars are what differentiate best employers from the rest.

The findings this year were quite startling on these counts for the SME category. Employee-engagement levels are represented by how employees say great things about their employer, are willing to stay, and strive to support the company's success. Employee engagement is a daily challenge for SMEs. Nearly half their employees are now looking to leave the organisation, compared to only a quarter at Best Employers companies.

1.2 Employer brand

As far as unique employer brand is concerned, almost 40 percent of SME employees did not understand what their employer’s brand stood for. On effective leadership and performance culture, around half did not believe there was an effective and engaging leadership or a high-performance culture in their organisation. In contrast, in Best Employers organisations, 80 percent believed they were working with effective leaders.

In a few other areas too, the SME category fared quite poorly. These were related to rewards and recognition, and learning and development. More than half of SME employees were unhappy with their rewards and recognition packages, whereas 72 percent of employees were satisfied at Best Employers.

Nearly half of SME employees were unsure of what their career roadmaps were; they did not feel that they had enough opportunities to learn and develop - an interesting statistic in light of the thrust on the Singapore government's Skills Future initiative. Employers across the board, and SMEs in particular, need to come up with ways to engage with their employees to create clear communication channels regarding skills development and career opportunities.

Young people today ponder whether there is real value in working for a smaller company. Those who think there is value harbour the hope that there is greater opportunity in SMEs to
take on roles that will send them up the corporate ladder faster. Critical factors that young workers rate highly include being able to have fun at work, to have career and learning opportunities and empowerment - and these are areas where SMEs enjoy an inherent advantage.

Given their relatively smaller size and more hands-on approach, they are better placed to imbue their workplace with such attributes. To become a workplace of choice, SMEs need to develop their unique value proposition so they stand out from other SMEs and from the bigger companies. SMEs also need to cultivate trust in their employee by developing "Trust in Action", defined as employees' confidence in the organisation's ability and commitment to improving the employment experience.

1.3 Trust in Action

This is critical when more than half of SME employees do not believe that their employer will address people-issues or implement HR-related initiatives and programmes. Trust in Action scores at Best Employers organisations were 79 per cent, outperforming the market average by 17 per cent.

Recent research showed that Trust in Action scores have a direct and significant correlation with the four Best Employers themes of highly-engaged employees, a strong and compelling employer brand, effective leadership and high-performance cultures. Given the close relationship between Trust in Action and employee engagement, organisations at minimum should respond quickly after an engagement survey with an honest debrief on the results and a realistic plan of action, and then deliver on the plan.

The journey to becoming a Best Employer starts with awareness and a business vision that requires putting in place the building blocks. This baseline entails an SME benchmarking itself against best practices in its sector and implementing an action plan tailored to its
employees' needs and expectations while serving the business growth vision. Then the employer needs to communicate its initiatives consistently and effectively, along with the expected outcomes. The last stage would be to put in place the tools and processes to deliver on the promises and to live up to the employees' expectations.

2. Literature Review

This paper advances the literature in four respects for the determinants of SME brand adaptation in international marketing. Firstly, we are able to evaluate the relative importance of internal (commitment; experience) versus external (culture, economic) determinants of adaptation. Secondly, we have examined several firm size categories, so we can evaluate how the relative roles of internal and external factors vary by firm size. Thirdly, rather than treating adaptation as one of adjusting one or more of the four-Ps, we use a more holistic concept of adaptation, namely brand adaptation, and which subsumes marketing mix adaptation. A scale has been developed to capture this holistic concept. Fourthly, we have developed a new culture scale, one based on the perceptions of SME businesses, using domestic operations as a benchmark.

We now examine certain issues in more detail, starting with culture, the economy and commitment.

2.1 Cultural and economic environment

A country’s culture has been considered as a major environmental characteristic that causes systematic differences in buying behaviour (Steenkamp, 2001). Culture can change people’s perceptions, dispositions, and behaviours (Markus & Kitayama, 1991). Many businesses fail simply because of the negligence of taking cultural differences between countries into account. Pawle (1999) provides a conceptual model of how culture influences brand image, brand
relationship and brand positioning. Empirical studies on the impact of linguistic differences on international brand name (Francis et al., 2002) and the cultural interpretation of the brand meaning of McDonald (Eckhardt & Houston, 2002), have shed light on the importance of culture affecting international branding activities.

International marketers require not only people but also people with money. Therefore, it is necessary to understand the income aspect in the host market to deploy marketing strategy. The income conditions in a host market can influence international marketing strategy in several ways. The demand potential for a particular product is based on the economic conditions and a firm’s cost structure is also relies on income conditions (Theodosiou & Katsikeas, 2001). The overall level of economic and industrial development of a country determines customers’ preferences for the products (Jain, 1989). Two countries in different development stages may consider the same product as essential or less necessary respectively (Hill & Still, 1984). This research proposes to use variables to cover a wide range of cultural aspects and income facet in studying their impacts on international brand repositioning.

2.2 International commitment

Managerial commitment to international marketing plays an important role in international marketing strategy. It recognises the existence of considerable differences in market characteristics between a host market and a home market. In order to succeed in international ventures, it is important that firms understand the overseas market situation and employ appropriate international marketing practices in comparison with those in the domestic market. In developing such a capability, international commitment to international business is important (Katsikeas, Piercy, & Ioannidis, 1996). Unlike external environmental factors, which are beyond the control of a firm, international commitment is both a behavioral and attitudinal factor at the firm level that can be manipulated by the firm (Evangelista, 1994).
The attitudinal component is similar to the cognitive, affective and behavioural elements of attitude toward international business (Aaby & Slater, 1989), whereas the behavioral aspect refers to the amount of effort and resources associated with international business (Cavusgil & Zou, 1994; Evangelista, 1994). These two domains of international commitment can have a particularly strong impact on international behaviour and success.

2.3 Brand Adaptation

Brand adaptation refers to the adaptation of the market position and identity of a domestic brand to one that is relevant to the minds of its international customers. The logic of brand adaptation is parallel to that of brand repositioning which has been long considered as an important branding activity in the domestic situation (Aaker & Shanby, 1982; DiMingo, 1988; Rise & Trout, 1981). Positioning can be based on specific attributes or abstract aspects (Pham & Muthukrishnan, 2002), but is a more holistic concept than just the marketing mix. In other words, brand repositioning is a different concept to marketing mix adaptation. International marketers consider adaptation of their brands because of competitive pressures, new channels and changing customer needs. Changing customer needs reiterates the significance of cultural differences between the domestic and international markets. For example, honey is deemed to be a herbal medicine in Korea and China, but in Western countries it is just a spread. International marketers need to consider the degree of difference of consumer characteristics and behaviour in making a positioning decision (Ganesh & Oakenfull, 1999). Brand adaptation is different from the concept of adaptation of marketing strategy. They both involve a change of the existing offerings such as product features, packaging, language in an advertising message etc. in foreign markets. However, brand repositioning is a broader term that includes the creation and placement of a desired brand in the minds of target customers. It involves psychological factors and physical factors, while adaptation of marketing strategy
emphasises the changes of only marketing mix. In order to maximise the brand performance, changes should be based on the cultural and economic environment of the international market.

2.4 International experience

Experience refers to the extent to which a firm has been involved in its international operation (Cavusgil & Zou, 1994; Erramilli, 1991; Klein, Frazier, & Roth, 1990), and includes experience gained from the operation in a particular country or from the operation in the international environment in general. A lack of market knowledge is an important obstacle to the development of international operations. Limited experiential knowledge of the overseas market can create a perception of uncertainty (Agarwal & Ramaswami, 1992; Davidson, 1982), and this perception can have an adverse effect on the firm’s competitive position in the overseas market. Inexperienced firms have been found to overstate the risks and costs of operating internationally and to understate the returns generated from international operations (Caves, 1982; Davidson, 1980). In contrast, firms with relatively high levels of international business experience tend to perceive less uncertainty in their international ventures and hold a better understanding of export market forces (Madsen, 1989). Firms gain and accumulate foreign market knowledge through operations overseas. Knowledge gained through experience from overseas market creates business opportunities which in turn become a driving force in the internationalisation of the firm (Johanson & Vahlne, 1990). A firm’s cumulative knowledge in learning results in improving its business operations by creating a learning curve effect that reduces average unit cost (Chang, 1996). This lower cost enables a firm to generate more business in the future.
2.5 Discussion

This study provides evidence that both external (culture) and internal (commitment) factors influence small and medium sized firms when they consider international brand adaptation decisions. The study implies a knowledge-based model or framework that could be useful to small and medium size business already involved or considering entering international business. It contributes to empirical research explaining the antecedents of brand adaptation of SMEs in international marketing. The adaptation includes not only changing the marketing mix, but also considers psychological aspects like brand identity or market position. International marketers may want to consider money and human resources before conducting a brand adaptation exercise. Brand adaptation costs money and the adaptation of the marketing mix needs funds for support. Human specialists in brand repositioning need to be available. Channel members sometimes play a significant role here. Careful examination of understanding the host market’s culture is another critical issue for international marketers when considering repositioning their brands. The findings confirm the existing literature that cultural backgrounds of foreign markets significantly impact on international marketing and branding strategy.

It demonstrates that almost all firms in different sizes take into consideration cultural aspects when adapting their brands for the target customers in overseas markets. This external factor is a stronger driving force of brand adaptation than an internal factor, international commitment.
3. International Marketing for SMEs

SMEs play a pivotal role in generating economic well-being for most countries especially as they represent the main part of the industrial base.

SMEs should not ignore international markets. However, they should also not be blinded through their fascination – a case study based on the German market which may be useful for other markets too. Germany is called ‘export champion’ – however, the impressive figures only reflect to a minor percentage the small and medium-sized companies.

The sheer total size of all exports is put into perspective, however, when looking to its neighbouring countries with regard to the exports per inhabitant: Such figures show – as per the CIA-Worldbook 2005 – the following approximate results: Germany US$ 12.330, Austria US$ 14.900, Switzerland US$ 19.800 and Belgium US$ 25.900. Accordingly there still is room for improvement, especially as the industrial basis of these neighbouring countries are not really comparable with Germany.

3.1 Facts and hindrances

If one takes into consideration that the export business in this case reflects about 30 % of the total GDP, the average German company should export roughly this percentage. As, however, bakeries, shoemakers as well as trading companies – if at all – export at smaller rates, a ‘healthy average’ for the remaining industrial companies would be an export percentage of approximately 50 – 60 %.

This is by far not reached yet by SMEs as the local market was for quite some time sufficient for them. And for that reason they did not really care for foreign markets. Marketing and sales across the borders remained a field of growth which did not cross their mind: “Why should I bother with foreign markets, if I can sell without problems here?”
From my own experience: Who deals with international marketing and trade will certainly quite often have met this ‘disavowing’. I never forget that a company years ago told me ‘We are absolutely satisfied and cannot even supply what is asked for’. 6 months later I called them again and learnt that they were shortly becoming bankrupt. The reason: They concentrated too much on just a few large clients whose orders were cancelled due to the crisis in Asia and Latin America at that time.

This carelessness in most cases is basing on the fact, that the companies are privately owned or owned by a small group of people. Unless they have already some experience in export sales one cannot assume that one can find internationally thinking personnel.

3.2 Advantages and support

The international market is in movement and we have to participate – to our own benefit. Exporting does not only create or stabilize working places in the home market. Instead the respective enterprises will also become more independent from the local business climate and thus more healthy and resistant against economic fluctuations anywhere in the world. In general to export is a good sign of a vital and competitive enterprise which can resist a local recession quite well which will also be noted as well by clients (for their own security choosing a supplier) as by the competition.

Some companies do have efficient export supporting agencies active in other markets who give advice on local markets.

What they cannot do, however, is to accompany the companies practically into the different markets – and if, they do, the company has to deal with quite a few specialists for each separate market. This is mainly due to the fact that they do not have the insight into the company and its future plans, i.e. it is difficult for them to adapt the overall marketing
procedures in a way which suits different markets (for this specific company and its specific products) at one time and also is oriented at the financial possibilities of the company. Therefore companies may often have very good market information. However, they do not know how to transform them into positive results as a proper coordination of all facts and figures with the internal and external possibilities of the company are not possible. This is especially true for Europe – the biggest conglomerate of industrialized markets – with its different languages and mentalities.

3.3 Seven rules before internationalizing

When preparing for export business the following focal points should be taken into consideration:

3.3.1 Look for professional support that analyses your business potential and identifies what you should be able to handle in order to be successful in international markets and elsewhere.

3.3.2 Look for professional support to evaluate the potential of your personnel. Offer an incentive to people willing to study further according to the needs of the international markets – for example through internal or external trainings and seminars.

3.3.3 The elaboration of a thoughtful marketing plan will give a lot of hints and facts and they can fall back on them and adjust their targets and procedures if need be.

3.3.4 Try to think ‘globally’. Look at trends in magazines of the industry or feel them during meetings of industry groups. Take time to learn more about international marketing and how the instruments can be used for the benefit and future stability of the company.
3.3.5 Do not underestimate international sales. It is not really easy – yet it is also no miracle! In fact many companies err in their expectations just because they had a contract from another country once in a while.

3.3.6 Learn how to treat international clients/markets. Until SMEs have their own market specialist staff they should rely on professional assistance which can also lay the basis for the future of organisation and handling, thus saving a lot of time and money otherwise spent on ‘trial and error’. A famous adage says: You do not do good to your company, however, if you cannot really rely on the assistance – i.e. sufficient proof of ability and testimonials should be available.

3.3.7 Set-aside a special budget for your internationalization. If the company has a successful business in the home market currently it is reasonable to plan some of the profits for the future.

4. BreadTalk’s Approach

This paper selects BreadTalk's approach as one successful case study for SMEs, particularly with regard to the bread industry in Singapore being a market leader. The rationales are illustrated below in terms of business review and competitive strengths of BreadTalk.

4.1 Business Review

4.1.1 How It Performed

In FY2014, revenue for the Bakery Division increased 8.4% to S$294.5 million due to improved contributions from all markets. However, EBITDA posted a marginal 4.5% decline to S$23.3 million from S$24.4 million in FY2013, as a result of higher rental and labour cost
in Singapore, and the cost impact arising from the closure of underperforming outlets in Singapore and China. EBITDA margin also declined by a marginal 1.1 percentage point to 7.9%. Notwithstanding this, the Bakery Division continued to be the Group’s key contributor, accounting for 49.9% of total revenue in 2014.

4.1.2 Highlights in FY2014

**Outlets**

The Bakery Division added 80 new outlets in FY2014, and penetrated new geographic markets such as Qatar, Saudi Arabia and Cambodia via their franchise partners.

The Group opened their first bakery outlet in Cambodia in October 2014 in TuolKork District - an up-market residential area with many surrounding businesses and the first outdoor shopping development in the nation’s capital city, Phnom Penh.

The star-studded Grand Opening event launched a runway show of couture pieces inspired by BreadTalk’s signature bun creations! In January 2015, they opened their second outlet at Maline Apartments and will continue to grow their presence in Cambodia to reach out to more fans of BreadTalk.

As part of BreadTalk's continuing efforts to bolster their hold in Mainland China, they have expanded into Lanzhou, the largest city of the Gansu Province in Northwest China and they are proud to say that their success in the most populous nation in the world has led them to be named the Growth Market Retailer of the Year at the highly-acclaimed World Retail Award held in Paris last year.
New Initiatives

The Group is constantly evolving and innovating to keep pace with changing trends and consumer tastes. 2014 was no exception with the launch of a new store concept at the opening of the 100th Toast Box outlet globally.

Located at the basement of Shaw House along Singapore’s prime shopping belt, Toast Box presented a first-of-its-kind takeaway bakery corner with a nostalgic selection of about 30 bakery items, including old-time favourites such as Po Luo Char Siew Bun, Salted Egg Bun and Lava Egg Tarts, complementing its sit-down café.

In addition, the Group also introduced a wider selection of merchandise during the year at their Toast Box outlets – a pre-packed 2-in-1 instant Kopi-O, allowing customers to enjoy their signature coffee in the comforts of their own home. To facilitate the ease of payment, Toast Box also introduced the new ‘Kopi Card’, offering customers increased convenience via a cashless payment option.

To maintain the consistency and quality of their Toast Box coffee across all outlets, a central Roasting Lab was set-up at the BreadTalk IHQ. At the Roasting Lab, all their coffee beans are first sustainably sourced, before undergoing a roasting process and supplied to their Toast Box outlets island-wide to ensure a distinctive and consistent flavour in their signature offering.

BreadTalk has also been investing in product development to introduce healthier choices to their customers. Notably, they introduced a Natural Yeast Bread series with healthy fruits and nuts, as well as new cakes and bakery products to meet the discerning taste buds of increasingly health conscious customers. Endorsed by the Health Promotion Board, some of these products that are well received by their customers include, the Chia Seed Toast and Pumpkin Toast which have no transfat and are low in cholesterol, as well as the Soya Toast which is transfat-free.
In 2014, BreadTalk entered into a partnership with Disney to present an exclusive bakery collection of Spiderman-themed products in Singapore and China. Featuring an array of innovative Spiderman pastries ranging from doughnuts, cakes, buns and cupcakes over a limited three-month period, each pastry also came specially packed in exclusive Spiderman-themed toppers for their young customers to enjoy.

4.2 Competitive Strengths

4.2.1 Strong branding with creative differentiation

The BreadTalk Group excites with its portfolio of 7 exciting brands that have changed the way consumers view their daily staples.

Revolutionising the bakery industry in 2000, the BreadTalk Group prides itself on delighting consumers with its blend of unique concepts that have led new food cultures across its bakery, restaurant and food atrium divisions. They seek to do things in a distinctive way as they inject creative differentiation in their retail concepts like no other.

Having garnered consumer and industry accolades alike from a multitude of international bodies, their strong brands have led the way in retail trends to bring a unique concept to customers like no other.

4.2.2 Product Innovation

Led by their very own in-house Research and Development team, their Master Chefs conjure culinary magic for the thousands of recipes that customers savour from their brands daily.

Working with an international line up of consultants from Japan, France, Germany and Spain, they aim to bring the best combination of culinary skills that would encapsulate a world taste. These combine the best of Asian and Western influences – perfecting a blend of local culture with quality ingredients and their Chefs’ latest world inspirations.
From delicious pastries, dumplings and local desserts, their R&D team present seasonal collections launched every few months to cater to customers’ discerning tastebuds.

4.2.3 Strong partnership network in Asia

With a presence in 16 countries spread across Asia and the Middle East, their global network of estate managers, procurement supply chains and international partners lend the Group the competitive edge to further expanding their business in very strategic locations. Having built strong relationships with local networks especially in China, their business growth has been fuelled by strong relationship management and professional expertise in these territories.

4.2.4 Experienced Management Team

Headquartered in Singapore and China, the Group is led by their Chairman, Dr. George Quek, who has 30 years of experience in the food and beverage industry. The Senior Management bench comprises professionals with diverse financial, retail and F&B backgrounds – lending a holistic wealth and depth of experiences to their organization.

Supported by BreadTalk's Independent Directors and a cross cultural team comprising consultants and working professionals their management expertise and portfolio is enhanced.

5. BreadTalk International Marketing Plan

Principal subsidiary of BreadTalk i.e., BreadTalkPte Ltd, is incorporated in Singapore under the Companies Act on 24 April 2000. It was founded by Dr. George Quek (Chairman) and Katherine Lee (Deputy Chairman). When BreadTalk first began operations, the whole process of baking, right from the dough preparation to the final topping of each bakery objects, was done at every single retail store.
As the setups kept on growing, and in planning for setting up franchises, a central kitchen was set up and the corporate headquarters was shifted to KA FoodLink, Kampong Ampat in Sep-2001. In order to expand the production capacity, more space was acquired, along with latest machinery and equipment in 2002.

On 6th March 2003 BreadTalk was incorporated in Singapore as a shareholding public syndicate.

"Our vision is to establish BreadTalk as a brand and enterprise known for its innovative, trend setting and delightful bread and pastries. One of the possibilities to help us to swiftly achieve that is through Franchising. With the support and experience of our team, we are well-positioned for expansion," said Dr George Quek. Looking forward to this goal, BreadTalk is willing to expand their business and open new outlets in both fresh and existing markets, enlarge their product development practice, and satisfy consumers' desires to ultimately improve their commercial position and increase market share.

5.1 Environment Analysis

The objective of an establishment's business tactic comprises of intensification of opportunities, minimizing risks, and constant product improvement. The establishment's strategy needs critical thinking and painstaking efforts to attain success and growth. Environmental analysis comprises of assessing three varied environments that supports organizations with distinguishing forces and styles and prospects and weaknesses. The distant environment needs scanning all in service organizations and businesses; on the other hand the industry environment includes searching the trade in which our organization will compete, and the operating environment involves scanning core practices and procedures within the company and with our key companions.
Instead of predicting numerous environmental factors, BreadTalk finds it more valuable to analyse issues and amend essential competitive policies within the bakery industry. The aim is to establish BreadTalk as the most familiar and appreciated brand in the world (BreadTalk, 2010) through a wisely thought out tactical plan, by conducting environmental tests and study, culture, brand creation, market supremacy, and reliability.

5.2 Trends and Forces

Financial aspects and competitive arrangements within businesses often deliver insight to present circumstances, but do not give evidence on evolvement inside industry settings. As an effect of uncountable incentives and issues within the business, competitive surroundings are continuously changing and often dictate what activities an association must take to enjoy good advantages. In response to communal, technological, and international factors, BreadTalk must devise strategies to reduce the risk of business decline. BreadTalk must overcome serious challenges such as strong competition, exorbitant operating costs, and sluggish markets. By overpowering difficult economic situations breaks are possible to differentiate product lines and grow business accomplishments in international markets. BreadTalk has always been influential in educating its consumers about quality bakery products, providing quality Cakes and Pastries, and making a 'third place' setting for customers to mingle and relax, however, the corporation may has become a target of its own accomplishment, with progress saturating the market and opponents such as Dunkin Donuts and Mad Over Donuts offering progressively sophisticated offerings at lesser costs (Global Round-up & Market Watch, 2009). Because BreadTalk remains a world contender in the retail Bakery industry, suppliers may try to duplicate the brand style and possibly wear down part of the firm's name in overseas markets where copyrights acts are not imposed. By sensibly analysing international market BreadTalk can take advantage from such types of
threats by taking the benefit of demands of bakery products and present openings existing in markets like Japan, India, and South Korea.

5.3 Non-Economic Factors
Attitudes, values, beliefs, lifestyles, and opinions are all communal factors affecting an establishment's peripheral environment. BreadTalk has revised business strategies because of social concerns. A brand such as BreadTalk has attained universal success and recognition by being positioned into standard culture since their effect remains incontestable. BreadTalk considers social values, public concerns, and supervisory requirements by monitoring product eminence and building a mutual culture and setting in all store sites.

Advancement in the field of technology can strikingly effect an establishment's environment. Development in technology can also put up a contest because firms are then enforced to make new and cheap products to seize definite target markets. BreadTalk was clever to exploit a fast developing fashion of making wireless Internet accessible to customers by providing at least 85% of outlets with Wireless capabilities. The other part of the business's accomplishment was adjusting to the consumer needs.

5.4 Economic Indicator
Economic factors allow establishments to target conditions backing to amplified revenues and markets. Since all markets are prejudiced by the frugality, deviations in demand and supply should be scrutinized to prepare for upcoming improvements and management must evaluate factors affecting cost and development. International inventories have tightened up in recent years as demand from consuming countries, has increased more briskly than supply. As a consequence of a reduction in global inventories, trades to other nations accounted for 68% of global supply in 2009 and 2010, as compared to 53% in the 2007 and 2008.
BreadTalk has been popular in numerous economic issues including price pliability, which measures the criticality of quantity demanded to value deviations. The request is considered rigid if customers will pay any amount and very pliant if customers will only give a convinced price. BreadTalk aims to keep core consumers by increasing foods and facilities without breaking the conventional bond. The objective is to influence customer trust and assurance in the BreadTalk brand while captivating advantage of development and revenue opportunities. As a consequence of such theories, BreadTalk has pleased to customers in an extensive variety of demographics, prejudiced market control and increased the modest advantage.

5.5 Present Position and Prospects

BreadTalk's objective is to make the establishment as one of the most familiar and valued brands internationally. BreadTalk plans to attain this objective by remaining to engross in methodical retail operations development and selectively following openings via introducing new merchandises and spreading channels. During the financial year (FY) ending September 2010, BreadTalk documented profits of $10.3 million, an upsurge of 10.3% over 2009; working profit of $503.9 million, a reduction of 52.2% over 2009; and clear profit of $315.5 million, a fall of 53.1% over 2009.

The trademark is the firm's core and BreadTalk has constructed a universal reputation for providing eminent products and loftier customer service. While BreadTalk is lucrative and has a limited geographical existence, there are opportunities for enhancement. Even though a decline in store sales for FY 2011 is expected due to the financial circumstances, BreadTalk can update business strategies to more precisely align budget structures within present business schemes. BreadTalk must capitalize on investigation and development to advance and launch new bakery items and products. Moreover, BreadTalk must carry on creating licensing conglomerates and advertise products nationally and globally.
5.6 Long Term Objectives

Extended term goals are the consequences an association seeks to attain over a definite period, which normally is five years. Tactical planners usually form long term objective in the productivity, profitability, employee development, competitive position, employee relations, public responsibility and technological leadership. The purpose changes the international image and performance objectives. Objectives should signify the promise to attain established results. To get the competitive advantage and withstand market situations, BreadTalk must achieve long term goals. The subsequent aims are provided to measure the intentional plan:

1) Rationalize present product line by 15% and comeback to initial, within the next year
2) In next two years, cultivate two green advantages;
3) In next three years, present four new food items and develop new distribution medium; and
4) In next five years, pursue growth chances in less competitive global markets.

By following the obligatory actions to attain the anticipated long term purposes, BreadTalk will successfully preserve the competitive advantage in the field of Bakery industry.

5.7 Potential marketing issues today

The greatest marketing issue the business is facing is the management of alteration. It looks obvious that no artefact or facility is likely to continue pertinent forever and that direction, in most cases, is temporary and very frequently short-lived. Additional important challenge is the hunt for, and formation of, distinct capabilities. The worldwide market produces new consumer needs and wants, while the advent of new technologies subsidizes to the developing of new goods and services. In the quest for diverse proficiencies, the administrators need to spear an active tactic to management expansion while trying to cultivate managerial thoughts, concepts, and policies effective in the impending response to altering market necessities, modest conditions and consumer favourites requires precise managerial acts. Intercontinental
managers try to antedate emerging technology deviations, market desires and customer inclinations and proactively strive for ways to benefit over competition. Creating proficiencies and competencies that aid competitive place is an important component of the organization of change in the worldwide marketplace.

To keep pace with time to time swiftly changing surroundings, leaders in business and politics face the continuous challenge of changing their philosophy. The idea of management progress involves the idea of cultivating a universal managerial mind-set for the benefit of organizations contributing to the formation of the global market since it is evident that managerial philosophy effects strategy devising and deployment.

Last but not least, one of the greatest marketing issues of today is creating a knowledge based company. One of the Key sources of competitive advantage is Knowledge. The ability to attain, store, save and make use of information and acquaintance adds to the formation of distinct proficiencies. Management admits the fact that the commercial world turns out to be gradually knowledgeable intensive and spots the significance of administrative learning. Corporate and governmental establishments have a lot to acquire, just to be capable to deal with present problems of modifications in the market, the loss of jobs in principal developed countries due to outsourcing, unexpected concerns of outsourcing, rising need for raw materials, alterations in export and import organization of emerging markets, swings in local balance, and finally global trade difficulties created by natively modified yields. All of that creates the potential marketing issues and creates the need of enthusiastic managers who are ready to deal with the challenges posted by such marketing issues.

5.8 Proposed international marketing plan

We need to leverage on the firm's commercial standing and a solid marketing plan for developing the BreadTalk brand. Along with BreadTalk's already tough brand name and
distinctive impression bakery stores, these core capabilities are not effortlessly switchable in distant markets. Here are some of the strategies that can be used:

5.8.1 Sharing allied activities amongst business divisions
Cost savings are derivative of BreadTalk's capability to make use of the same suppliers throughout their Franchise outlets. In addition to it BreadTalk pursues to attain adaptation to native taste and likings as well. Crustum Products Pvt Ltd, BreadTalk's franchisee in India makes use of the flour dealers as its patent openings in Singapore, while distinguishing the taste and packing of its breads.

5.8.2 Upsurge in Negotiating Position with its Development
The wholesale purchases of raw materials across various business entities would unintentionally raise BreadTalk's bartering power with respect to dealers. This explains the short level of upright integration to protect deliveries and overcome cost oscillations as they are likely to get raw materials at advantageous prices. BreadTalk has selected not to chain their advertising efforts through its diverse business units to escalate outreach to prevent brand dilution.

5.8.3 Effective development into foreign marketplaces
BreadTalk has to effectively accomplish its bakery profession overseas through contracting out and through straight operations. Also they have to effectively implement a transcontinental strategy and be on both sides of its pressures of dropping costs and confined adaptation. Many bakery outlets in China average in the range of 1.500 and 2.000 consumers per day and 400,000 yen i.e. US $48.80 in sale.
The likely profits of transnational change include permitting BreadTalk to involve in cross associations through businesses so that they can try to get into other food and beverage sectors more effortlessly. They can also pull on our brand label to shape up market responsiveness.

5.8.4 Technological advancement

They need to appoint some organization as their digital marketing and management partner. They should be explore the task of developing public media channels, electronic mail marketing, and a chief web design renovation throughout the BreadTalk family of brands. A yearlong strategy promotion should also employed to develop devoted web presence for the all the companies under BreadTalk's canopy, together with BreadTalk itself, Din Tai Fung, ToastBox, RamenPlay, Food Republic and The Icing Room. Concurrent to these projects, the marketing partner should also work to make presence on social networking sites like Facebook, Twitter etc. The agency should also be consulted for rearranging BreadTalk's commercial and global online existence, in order to build structures that can upkeep their strategies for universal enlargement and franchising. A new company parent website and contract related web indemnities are scheduled for late 2011.

5.8.5 Branding Strategy

BreadTalk bakeries have discriminated themselves from old-fashioned bakeries with smooth and space age fastening store frontages and an open concept design. Different from other bakeries, BreadTalk's new open concept scheme permitted consumers to watch the bakers at work and produced a lot of consumer curiosity in its products. Adding to this, BreadTalk came up with inventive and fun sounding terms for all their buns. Certain buns had a small tale to tell. Fresh kinds of buns are presented frequently as well to uphold customer interest.
Such exclusive initiatives by BreadTalk permitted them to distinguish themselves from traditional bakeries. BreadTalk is concerned with its branding and has made countless pains to encourage the BreadTalk brand. To support this, the present and fashionable designs of the stores are uniform in all the BreadTalk outlets. Gear such as uniforms, bread tongs, and trays that all outlet workers must put on are also identical in all bakery outlets. This new idea allows BreadTalk to remain clean, fresh and lively - a look that has become identical with their early bakeries. Accordingly, BreadTalk has gathered honours such as "Singapore Most Distinctive Brand Award 2003-2004" and "Singapore Promising Brand Award" from 2002 to 2004.

6. Conclusion

The best moment to prepare oneself is always the time when one is not forced to do it. As long as the business on the home market is successful it will be relatively easy and also the resources needed are available. Decision makers should use this security to work towards the future i.e. not to depend solely only on one market/region (or only a few big clients). Just like BreadTalk to implement their international marketing plan to penetrate international markets.
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