



# **MASTER EN COMERCIO**

## **TRABAJO FIN DE MASTER**

### **THE POSSIBILITY OF INTRODUCING FIJIAN COSMETICS TO THE SPANISH MARKET**

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**THE POSSIBILITY OF INTRODUCING FIJIAN**  
**COSMETICS TO THE SPANISH MARKET**

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## Abstract

This research looks at the possibility of Pure Fiji, a cosmetics producer from Fiji to start sales in Spain. The two economies (Fiji and Spain) will be highlighted along with a discussion on the bilateral relationship between the two, a market research for cosmetics in Spain will be provided and the details of the company and its products will be discussed. Finally the most important aspect will be looked at; the method of market entry and marketing strategy to get the sales going. All this will be done keeping in mind the highly traditional and cultural nature of the company that keeps the products and the operation method same in every international market.

### Spanish:

La siguiente Investigación se basa en el análisis de introducción al mercado español de Pure Fiji, productor de cosméticos de Fiji. Enlaza dos economías (Fiji y España) en las que se reflejan las relaciones bilaterales que existe entre ambas, acompañadas de un estudio de mercados sobre los cosméticos en España. Detalles sobre la función de la compañía y su historial además de su crecimiento están plasmados en este escrito. Para finalizar, es importante recalcar que la importación es el método de entrada en el mercado y la estrategia de marketing seleccionada para que se efectúen las ventas. Las herramientas mencionadas están reforzadas tomando en cuenta la naturaleza tradicional y cultural de la empresa que mantiene los productos y el método de operación estandarizado en todos los mercados internacionales



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## 1.0 Introduction

Globalization is bringing the world closer (McMillan, 2001). As such trade is made much simpler than it used to be. Companies can now expand to international markets with fewer hassles than before. It is so easy that some companies are born global. This means that these companies start with the aim of expanding to international markets (Law, 2013). Some even keep majority of their production for export. By contrast, international companies are those that wait several years before entering an international market (Law, 2013).

One company that is born global is Pure Fiji which is the sole cosmetic manufacturing company in the South Pacific. Pure Fiji was started as a company that produces for export to specific international markets (Frodey & Naidu, 2008). Starting with Australia and New Zealand and expanding to United Kingdom, United States and Czech Republic. The history of the company is explained in detail in chapter 3.

To bring the focus to this research, one could ask why Pure Fiji has not entered more European markets. Thus this is the aim of this research; to lay out how Pure Fiji can enter another one of the European market (besides the Czech market), the Spanish market, looking at various internal and external factors. The internal factor that could prove to be a challenge is the highly traditional nature of the business which requires it to have the same method of operation in all markets. The external factors include the Fijian economy which does affect the company since they depend on the loans from the local bank, the market for the cosmetics in Spain and if Pure Fiji's traditional form of operation is possible to expand to the Spanish market.

The research begins by looking at the Fijian economy as well as the bilateral relationships between Spain and Fiji. As it will be seen in the second chapter, there is hardly any trade between the two countries. There is a trade agreement between the European Union (EU) and a few pacific countries including Fiji, even then, trade is quite low (Commission, 2015). Possibly because of the trade agreement is quite recent. Thus, for trade levels to increase it will take some time. There are other factors that affect trade and these are highlighted in the same chapter. This possibility is explored in the following chapters in light of the products of the Pure Fiji cosmetic range.



Looking at Pure Fiji, it is a company that is purely family owned and highly privatized. Keeping the family's traditional way of operation as well as other cultural aspects is very important to them (Frodey & Naidu, 2008). Therefore, the distribution channels for all international markets remain the same. This distribution channel is highlighted in chapter 3 and then further discussed in chapter 5 where the method of market entry is explained in detail.

Moving on, conquering any new market requires an excellent marketing strategy. With Pure Fiji, however, there is a simple marketing strategy with only four simple methods of marketing. Even then, they have been very successful. The reasons stated by them are simple. They aim at a particular target group and try to get quality customers in comparison to gaining the quantity (Frodey & Naidu, 2008). This means that they aim for loyal customers who will stay with the company and with the spread of word bring in more customers. Slowly, the company will achieve the numbers in terms of customers. Keeping in mind the traditional nature of the company the marketing strategy also remains the same for the new market (Spanish market). These four different types of marketing: e-commerce, social media marketing, word of mouth and corporate social responsibility are discussed in chapter 7.

All in all this research aims to highlight the two economies (Fiji and Spain), the bilateral relationship between the two, produce a market research for cosmetics in Spain and discuss the details of the company and its products. Finally the most important aspect, it looks at the method of market entry and marketing strategy to get the sales going. All this is done keeping in mind the highly traditional and cultural nature of the company that keeps the products and the operation method same in every international market.





## 2.0 The Fijian Market

### 2.1 General Information

**Table 1: Basic information about Fiji.**

Official Name	Republic of Fiji
Land Mass	18,270 km <sup>2</sup>
Population	860,000 (2014)
Population Density	47.1 hab/km <sup>2</sup>
Birth Rate	20.8 births per 1,000 people
Death Rate	6 deaths/1,000 people
Life Span	69.74 years
Capital	Suva
Other City	Lautoka
Geographic Situation	Fiji is located in the southwest Pacific Ocean about 1,960 mi (3,152 km) from Sydney, Australia. It consists of 332 islands and about 110 of these islands are inhabited. The two largest are Viti Levu (4,109 sq mi; 10,642 sq km) and Vanua Levu (2,242 sq mi; 5,807 sq km).
Climate	Warm tropical climate. Temperatures range from 26°C to 31°C
Ethnic Groups	iTaukei 56.8%, Indo Fijians 36.5%, Rotuman 1.2%, others (European, Part European, Chinese and other Pacific Islanders) 4.5%.
Official Languages	English, Fijian and Fiji Hindi



<b>Currency</b>	Fijian Dollar (fjd)
<b>Country Code (telephone)</b>	+679
<b>ISO Code</b>	Fj
<b>Political System</b>	Republic

Fiji, officially known as the Republic of Fiji is located Melanesia in the South Pacific Ocean. Its neighbors are Australia and New Zealand. It consists of 332 islands however; only 110 of these are inhabited (Fiji, 2015). The two largest islands are Viti Levu and Vanua Levu. Viti Levu is the bigger one of the two and carries the capital city, Suva along with the only other city of the country, Lautoka. As with any capital city, Suva is the most populous city of Fiji. The total population of Fiji is less than a million standing at 860,000 as at 2014 (Macdonald, 2015).

Fiji has a warm tropical climate. Because of this it is home to numerous tropical fruits and vegetables. The Fijians enjoy the warmth of the sun all year around. The warm season is from November through to April which is also the cyclone season. The cooler months are from May to October however, the temperature in the cooler months still average to 22°C (Fiji, 2015). The warm season tends to experience more rainfall, especially inland. Fiji experiences moderate winds, though cyclones occur about once a year and about 10-12 times per decade (Fiji, 2015).

The political side of Fiji was rather rough for almost a decade, however, after the 2014 National elections, democracy has returned. The country was under a dictatorship following the 2006 military takeover headed by Commodore Frank Bainimarama replacing the previously elected members of parliament (Agency, 2015). After eight years of political crisis which lead to Fiji suffering many economic losses as well as jeopardizing many diplomatic relations, decision was finally made to have a democratic election. After which, Bainimarama's Fiji First Party won and Frank Bainimarama remains the Prime Minister of Fiji. Fiji is picking up on the economic side and has mended some of its broken relationships.



Fiji is a multicultural country and due to this there are numerous languages in Fiji. However, based on the vast majority (the indigenous Fijians or the iTaukei) and a large minority (the Indo-Fijians) as well as the British Influence, there are three major languages which are also the official languages and those are English, Fijian and Fiji Hindi (Agency, 2015).

## 2.2 The Economic Framework

### 2.2.1 Basic Information

#### Background

Fiji is one of the most developed of the Pacific economies. It is endowed with forest, mineral and fish resources. Although it still carries a large subsistence sector. The major sources of foreign exchange are sugar exports, a large tourism sector (400,000 to 500,000 tourists annually) and remittances from Fijians working abroad (Foundation).

Fiji had special access to the European Union sugar markets but that was harmed by the EU cutting down on sugar subsidies. One-third of the industrial activity is made up by sugar processing but it is not very efficient.

The tourism industry suffered due to the 2006 coup and is facing an uncertain recovery time. Some of the long term problems Fiji faces are low investment, uncertain land ownership rights, and the government's inability to manage its budget.

#### Rule of Law

After almost a decade of dictatorship, Fiji has finally returned to democracy following the 2014 elections. Corruption is still an issue however, government decision making is somewhat transparent now. 8% of the land is freehold, the rest is indigenous and government land which can be leased. Property protection is highly uncertain, and obtaining land titles are difficult (Foundation).

#### Limited Government

Fiji has a number of tax rates, individual income tax (highest rate is 29%), corporate tax rate (highest rate is 20%), value-added tax (VAT) (15%) and a land sales tax. The overall tax burden of domestic income is 25% while the government spending equates to 29.1% of domestic output and public debt is 52% of the gross domestic product (GDP) (Foundation).



## Open Markets

The average tariff rate for Fiji is 9.9%. Few formal non-tariff barriers do exist. The government owns most of the land. Commercial banks dominate the financial sector, as such it is relatively well developed and stable. The central bank (Reserve Bank of Fiji) has relaxed several foreign exchange controls in the recent years. With the capital market remaining underdeveloped, there are only eighteen companies listed in the stock exchange as of 2014 (Foundation).

**Table 2: Basic economic data**

<b>GDP</b>	<b>\$7.292 billion (2014 est. *)</b>
<b>GDP per capita</b>	\$8,200 (2014 est.)
<b>GDP Growth Rate</b>	3.8% (2014 est.)
<b>Unemployment Rate</b>	7.6% (1999)
<b>Total Exports</b>	\$1.188 billion (2014 est.)
<b>GDP Export %</b>	51.6% (2014 est.)
<b>Total Imports</b>	\$2.241 billion (2014 est.)
<b>GDP Import %</b>	-69.1% (2014 est.)
<b>Current Account Balance</b>	-\$214 million (2014 est.)
<b>Public Debt</b>	52.3% of GDP (2014 est.)
<b>Exchange Rate (FJD/ Euro)</b>	0.438
<b>Minimum Wage</b>	\$2 fjd
<b>Inflation Rate</b>	1.2% (2014 est.)

Note: All data are in UD dollars unless stated otherwise.

\*Estimate (est.).

## 2.2.2 Trading Partners

**Table 3: Main trading partners of Fiji.**

<b>Top 5 Export destinations of Fiji</b>	United States (22%), Australia (22%), Japan (11%), United Kingdom (5.5%), and New Zealand (5.3%)
--	--



<b>Top 5 Import origins of Fiji</b>	Singapore (31%), Australia (18%), New Zealand (15%), China (9.0%), and Areas (4.3%)
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### 2.2.3 Main Exports and Imports

**Table 4: Main exports and imports of Fiji.**

<b>Top 5 Products exported by Fiji</b>	Non-fillet Frozen Fish (10%), Water (10%), Gold (7.9%), Processed Fish (6.5%), and Raw Sugar (5.1%)
--	---

<b>Top 5 Products imported by Fiji</b>	Refined Petroleum (27%), Non-fillet Frozen Fish (5.6%), Wheat (2.8%), Cars (1.5%), and Petroleum Gas (1.2%)
--	---

## 2.3 Bilateral Relationship between Fiji and Spain

### 2.3.1 Trade Information

**Exports:** 3,638.01 (Thousands of Euros)

The exports by Fiji to Spain fluctuate over the last five years with the year 2013 having the highest export. The major products of export are semi manufactures, capital goods and other goods (España, 2015).

**Imports:** 1,256.89 (Thousands of Euros)

The imports by Fiji from Spain have been considerably low only rising significantly in 2013. This rise is due to the high imports in the food sector (España, 2015).

**Table 5: Total exports and imports between Fiji and Spain**

Elem ents	Total selection		2009		2010		2011		2012		2013	
	EXP	IMP	EXP	IMP	EXP	IMP	EXP	IMP	EXP	IMP	EXP	IMP



	ORT	ORT	ORT	ORT	ORT	ORT	ORT	ORT	ORT	ORT	ORT	ORT
<b>Total</b>	3,63	1,25	683.	4.94	245.	13.7	1,30	41.9	671.	63.3	727.	1,13
<b>selec tion</b>	8.01	6.89	35		84	7	9.09	2	80	2	93	2.94
<b>815</b>	3,63	1,25	683.	4.94	245.	13.7	1,30	41.9	671.	63.3	727.	1,13
<b>Fiji</b>	8.01	6.89	35		84	7	9.09	2	80	2	93	2.94
<b>Islan ds (Fiji)</b>												

Export, Import '815 Fiji Islands (Fiji), 011 Spain (EXCEPT Ceuta and Melilla) (d.01/01/ 86)' by 'Total' concerning the national group of products: 'Economic Sectors' with mode of transport: 'Total transport mode' delivery terms: 'Total Dedication' conditions in the period: '2009, 2010, 2011, 2012, 2013'. Units: 'thousands Euros' (España, 2015).

**Table 6: Total export and import by product**

Elements	Total		2009		2010		2011		2012		2013	
	selection		EXP	IMP	EXP	IMP	EXP	IMP	EXP	IMP	EXP	IMP
	ORT	ORT	ORT	ORT	ORT	ORT	ORT	ORT	ORT	ORT	ORT	ORT
<b>1. FOOD</b>	22.5	988.		0.24		8.90		40.1	4.32	0.08	18.2	938.
	4	25						6			1	87
<b>2. ENERGY PRODUC TS</b>												



<b>3. RAW MATERIALS</b>	10.4	247.					0.18		62.6	10.4	184.	
	4	61							5	4	79	
<b>4. SEMI MANUFACTURES</b>	999.	5.21	168.		103.	3.10	77.9	0.64	505.	0.53	143.	0.94
	37		22		97		4		73		50	
<b>5. CAPITAL GOODS</b>	832.	6.28	434.	0.76	49.5	0.35	70.6		97.3	0.06	180.	5.11
	32		66		6		6		4		11	
<b>6. AUTOMOBILE SECTOR</b>	54.0		17.7		1.59		11.8		20.8		2.00	
	3		5				7		2			
<b>7. DURABLE CONSUMER GOODS</b>	0.59	0.19										
						0.19			0.18		0.41	
<b>8. CONSUM</b>	273.	7.63	62.7	3.94	90.1	1.22	53.4	0.94	32.4		35.1	1.52
	98		2		7		9		7		3	



<b>ER MANUFACTURES</b>							
<b>9. OTHER GOODS</b>	1,44	1.70	0.56	1,09	10.9	338.	1.70
	4.75			5.12	4	13	

Export, Import '815 Fiji Islands (Fiji), 011 Spain (EXCEPT Ceuta and Melilla) (d.01/01/ 86)' by 'National Total' the group of products: 'breakdown of economic sectors' with mode of transport: 'Total transport mode' delivery terms: 'Total Dedication' conditions in the period: '2009, 2010, 2011, 2012, 2013'. Units: 'thousands Euros' (España, 2015).

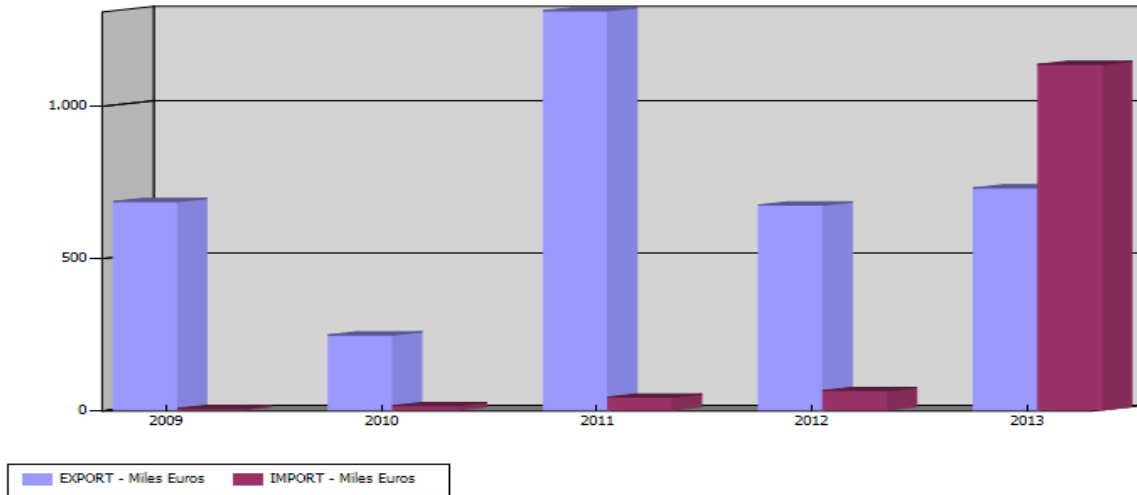
### 2.3.2 Historical Data: Evolution of Foreign Trade between Fiji and Spain (Period 2009- 2013)

Over time the foreign trade between Fiji and Spain has been fluctuating. There has been no clear pattern in the exports by Fiji. However, the imports by Fiji from Spain had been increasing steadily till 2013 when it increased drastically (España, 2015).





**Graph 1: Export Import Chart**



**Table 7: Income from trade between Fiji and Spain**

Elements	EXPORT	IMPORT
	Thousand of Euros	Thousands of Euros
<b>2009</b>	683.35	4.94
<b>2010</b>	245.84	13.77
<b>2011</b>	1,309.09	41.92
<b>2012</b>	671.80	63.32
<b>2013</b>	727.93	1,132.94

Export, Import '815 Fiji Islands (Fiji), 011 Spain (EXCEPT Ceuta and Melilla) (d.01/01/ 86)' by 'Total' concerning the national group of products: 'Economic Sectors' with mode of transport: 'Total transport mode' delivery terms: 'Total Dedication' conditions in the period: '2009, 2010, 2011, 2012, 2013 (provisional) '. Units: 'thousands Euros' (España, 2015).



### 2.3.3 Investments

There have been no investments in Fiji by Spain. Similarly, there have been no investments by Fiji in Spain.

**Table 8: Investments by Spain in Fiji**

Elements	Total	2009	2010	2011	2012	2013
	selection					
FIJI	Net	Net	Net	Net	Net	Net
	Investment	Investment	Investment	Investment	Investment	Investment
	Flows in	Flows in	Flows in	Flows in	Flows in	Flows in
	thousands	thousands	thousands	thousands	thousands	thousands
	of Euros	of Euros	of Euros	of Euros	of Euros	of Euros

Data of Spanish investment abroad, Not "OPERATIONS ETVE ETVE" and "flows in net investment in thousands of Euros", Investment Industry= All sectors, Country immediately= FIJI, Sector Origin= All sectors, Period= 2009, 2010, 2011, 2012, 2013, Autonomous Community= all communities (España, 2015).

**Table 9: Investments by Fiji in Spain**

Elements	Total	2009	2010	2011	2012	2013
	selection					
FIJI	Net	Net	Net	Net	Net	Net
	Investment	Investment	Investment	Investment	Investment	Investment
	Flows in	Flows in	Flows in	Flows in	Flows in	Flows in
	thousands	thousands	thousands	thousands	thousands	thousands
	of Euros	of Euros	of Euros	of Euros	of Euros	of Euros



## FIJI

Data of foreign investment in Spain, Not "OPERATIONS ETVE ETVE" and "flows in net investment in thousands of Euros", Investment Industry= All sectors, Country immediately= FIJI, Country last= All countries, Period= 2009, 2010, 2011, 2012, 2013, Autonomous Community= all communities (España, 2015).

### 2.3.4 Free trade agreements between Fiji and EU

The free trade agreement between Fiji (and other Pacific countries) with EU is Economic partnership agreement (Commission, 2015). This exists between six World Trade Organization member countries from the Pacific (Fiji, Papua New Guinea, Samoa, Solomon Islands, Tonga and Vanuatu) (Commission, 2015). Fiji ratified this agreement in July 2014.

The EU made a comprehensive agreement that covers trade in goods, trade in services, development co-operation and trade-related issues like food health and safety issues, technical barriers to trade, agriculture, sustainable development and competition (Commission, 2015).

Exports from the Pacific region to the EU mostly consist of palm oil, coffee, coconut and fish and caviar. While imports from the EU to the Pacific, are mostly electrical machinery and equipment. Generally, trade between these two parts of the world is quite low in absolute as well as relative terms (Commission, 2015).

### 2.3.5 Reasons for Low Trade and Investment

Trade and investment between Fiji and Spain is relatively low. The reasons vary. However, the main reason could be the distance between the two countries. The cost of shipping can be so great, at the end outweighing the price of the items. Hence, for Fiji to import things from Spain would be costly and they would not be able to sell the items at a very high price. Another reason is that the products from Spain particularly, olive oil and wine are available from Australia which is much closer. From the previous sub topic it another reason arises, which is that there had been no trade agreements in place. Now with a trade agreement,



trade level is bound to increase, however, since it is fairly new it will take some time (Commission, 2015).

## 3.0 PURE FIJI

### 3.1 The Company

Pure Fiji is locally owned and was formed in 2000 as the export arm of Sandollars (Frodey & Naidu, 2008). It is a Limited Liability family owned company. The company started with an investment of \$8,000, and presently possesses an investment in excess of FJ\$5,000,000. They began with the production of gift products mainly, adult “Amenity Kits” for in-flight use on Air Pacific International Flights. Carved wood for business card boxes, note paper holders, pen cups, picture frames, etc were some of their other products. At the time their main clients included Air Pacific, Royal Tonga Airlines and the Sheraton Resorts (Frodey & Naidu, 2008).

Pure Fiji started its operations during one of the worst economic times of Fiji’s history, after the 2000 coup and still it has become a success. This adds to Fiji’s reputation as a country that provides high-quality, up-market, environmentally friendly products, together with companies such as Fiji Water, Pacific Green Furniture, and Wakaya Club Resort (Frodey & Naidu, 2008).

To have a successful business overseas the owners had to sacrifice a lot: working seven days a week, missing holidays and other personal sacrifices. They even went to the extent of taking no salary, instead putting all the profit back into the growth of the company (Frodey & Naidu, 2008).

In 1995, Gaetane’s (the owner) daughter, Andree came back from America after working as a top executive in a hotel chain. She saw the abundance of natural resources that Fiji has to offer. She saw a high potential to manufacture high quality soaps, oils, and lotions for the tourist market through the use of skills and raw materials available to the women from the interior and squatter villages.

Mrs Austin clearly remembers the image that sparked the idea for making natural Fijian products. She states: “A pickup truck was unloading all these beautiful rolls of vau



and the sun was playing on the vau and I thought we have so much natural beauty. We looked around and said: “My God there are all these traditional arts, magi magi (coconut fibre used to make sinnet), vau (leaves used to make ribbon) and voivoi (leaves used for making mats) and beautiful weaving that the women do.” The natural resources according to Mrs Austin was being wasted as no one was doing anything with it and they were not using their skills either. Seeing the potential Andree decided to stay and start the original company under the name Sandollars (Frodey & Naidu, 2008).

The mother and daughter duo, decided to manufacture locally made pressed soap. At the time they did not have the facilities, hence they had an arrangement with a major local manufacturer to produce the products for them. The packaging took place in the family kitchen with the workers taking over the place barely leaving any family privacy. A line of soap and coconut oil were designed and named Waiwai ni Viti (oil) and Sovu ni Viti (soap). The first batch of 12 soaps was taken by Tappoo’s, which is a major up-market local retailer, and within weeks the orders grew from 12 to 24 to 100 to 500 and then Tappoo placed a \$20,000 order.

As the demand for the product grew, the company had a hard time keeping up with the orders. They rejected orders from large discount outlets such as Walmart since their product was designed to be a luxury good targeted at the up-market consumers. After a few years of start-up, another one of Austin’s daughter’s joined in as factory manager (Frodey & Naidu, 2008).

Pure Fiji, was started in the year 2000 as the export company. The main aim was to export the products to the American market since Andree knew it very well while working there for many years. At this point Sandollars focused on serving the local market. Keeping the family tradition, a few years later, son Alexander returned to Fiji from America and joined the company and in the same year another daughter, Sophia, together with her partner took over distributorship for Pure Fiji in Australia.

Pure Fiji is simply a family success story. Starting from their home, the Austin’s then moved the company into a sublet space in a nearby factory. With significant growth of the company and a bank loan, in September 2001, the company was moved to its own factory. Yet again in November 2004, they had to move again as they outgrew their current factory. This time they had a custom built building, an attractive up-market looking factory facility



in the same industrial subdivision, surrounded by beautiful gardens, whose products are also used in the spa (Frodey & Naidu, 2008).



**(Illustration 1: Pure Fiji logo)**

### **Financial Investment into Pure Fiji**

Name: Pure Fiji Limited

Type: Limited Registered Liability

Registered: 1995 Sandollars Fiji Limited

Registered: 2000 Pure Fiji Export Limited

Shareholders: Ms Gaetane Austin 50%, Ms Andree Austin 50%

There are no partnership agreements or any foreign partners. The company has a long term loan with ANZ (Australia and New Zealand Banking Corporation). The total estimated value of investments in the company is \$5,000,000 (FJD). The total value of equipment is \$1,000,000 (FJD) (Frodey & Naidu, 2008).

### ***Description of Investment***

The total value of infrastructure (building value, property/ plant and equipment) is \$5,000,000 (FJD). All operations happen from a building in Vatuwaqa, Suva which has been purchased but is under mortgage. There are mixing machines, labeling machines and filling line. Besides this all production is carried out by manual labor. The two directors finally receive a minimal salary as the company receives money through investments (Frodey & Naidu, 2008).



## Pure Fiji Facilities

The manufacturing facility and the corporate offices are located on a two acre property in the capital city, Suva. There is also a Day Spa, Health and Awareness Centre, Yoga, Pilates and Fitness Studio as well as herb, spice and vegetable gardens (Fiji, 2013).

There are also two solariums attached to the main building. One is for drying of all the factory, Spa and Wellness Centre linen and other is used in products and therapeutically rituals for botanical leaves and spices (Fiji, 2013).



**(Illustration 2: Pure Fiji corporate office)**

## Distribution Channel

It sells its products online as well as through distributors and retailers in Fiji Australia and New Zealand. It also has distributors in United States, United Kingdom and Czech Republic. For these three countries consumers can buy online and the distributors would send the products. The target market is the up-market consumers. Hence, online sales are the best for international sales. From the factory the products go to one distributor who ships it to the customers (Frodey & Naidu, 2008).



### **(Illustration 3: Distribution Channel)**

#### **3.1.1 Awards**

- 2015 NZ Best in Beauty Awards – Best Body Oil – Coconut Milk and Honey Nourishing Exotic Oil
- 2015 NZ Best in Beauty Awards – Best Body Scrub/Exfoliator – Coconut Sugar Rub
- 2015 Les Nouvelles Esthétiques & Spa BEST Product – Nourishing Exotic Oil
- 2014 NZ Best in Beauty Awards – Best Body Lotion Luxe – Coconut Body Butter
- 2014 NZ Best in Beauty Awards – Best Under \$50 Winner – Body Oil
- 2013 New Beauty Magazine- Readers Choice Award - Best Body Oil
- 2013 Asia and Pacific Coconut Community Award
- 2013 New Beauty Magazine- Readers Choice Awards- Best Body Oil
- 2012 Exporter of the Year Award (Large)
- 2012 SpaFinder Readers' Choice Awards - Favorite Spa Products
- 2011 Fiji-Australia Business Council Exporter to Australia Award
- 2009 Exporter of the Year Award (Hall of Fame)
- 2009 Unique Exporter of the Year Award
- 2009 Exporter of the Year Award (USA)
- 2009 Print Packaging Award Gold Medal





- 2008 Unique Exporter of the Year Award
- 2008 Exporter of the Year Award (USA)
- 2008 Excellence in Tourism - Visionary Award
- 2007 Exporter of the Year Award (USA)
- 2007 HBA (Health & Beauty Association) ECO Packaging Award
- 2007 Excellence in Tourism Award
- 2006 Excellence in Tourism Award
- 2005 Exporter of the Year Award (USA)
- 2004 Exporter of the Year Award (USA)
- 2003 Exporter of the Year Award (Prime Minister's)
- 2003 Excellence in Tourism Award
- 2003 Business Woman of the Year Award
- 2003 Fiji Chamber of Commerce Award
- 2002 Exporter of the Year Award (USA)
- 2001 Exporter of the Year Award (Prime Minister's)
- 2000 Exporter of the Year Award (USA)
- 1999 Excellence in Tourism Award
- 1998 USA Soap & Cosmetics Packaging Award
- 1998 Exporter of the Year Award (Unique)
- 1997 Exporter of the Year Award (General)

(Source: <http://www.purefiji.com/awards/>)

### 3.2 The Products

The products are made from natural sources (Fiji, 2013). The key ingredients of the products are the following:



- Pure Fiji coconut oil
- Sodium hydroxide
- Carboxyl methyl cellulose
- Pure water
- Potassium hydroxide
- Fragrance

The pictures of the products are provided in appendix 1.

### 3.2.1 Skin- Facial Solutions

Pure Fiji uses natural nuts and plants with the dermatological revelations to produce phenomenal targeted facial solutions. They use green coconut, cold pressed virgin coconut, dilo, sikeci and macadamia nut oils nourish and encourage cellular renewal. To increase cellular water flow and moisture holding power, *ngi* grass and powerful deep sea antioxidants are used. In addition, plant based peptides are used to stimulation of the wrinkle reduction process and to improve skin tone (Fiji, 2013).

#### Facial Product Range

- Purifying Cleanser
- Balancing Toner
- Exfoliating Scrub
- Hydrating Multi Active Scrub
- Hydrating Day Crème
- Hydrating Multi Active Night Crème
- Perfecting Lotion
- Firming Day Crème
- Anti Aging Intense Day Crème
- Anti Aging Booster- Dilo Oil
- Anti-Wrinkle Eye Cream



### 3.2.2 Body Care Products

- Sugar Rub
- Exotic Oil
- Hydrating Body Lotion
- Body Butter
- Body Mist
- Milk Bath Soak
- Body Scrub
- Shower Gel
- Spa Soap

### 3.2.3 Hair Products

- **Shampoo and Conditioner:** contains exotic blends of coconut crème and island drift-nut extracts, prepared with soy and wheat proteins, helps repair damage and improves resilience, restoring bounce and shine for healthy looking hair. Does not contain sulphate (Fiji, 2013).
- **Nourishing Exotic Oil:** virgin coconut oil and exotic nut extracts are known to moisturize, nourish and protect both hair and scalp. For best results the oil is used on the hair and left overnight before washing with the shampoo and conditioner the next day. Modern scientific studies have also shown positive results for the use of exotic oils on hair (Fiji, 2013).

### 3.2.4 Dilo Rescue (Skin Repair)

“Dilo” is a tree found on the white coral sands in the pure Islands of Fiji. It is known as “the tree of a thousand virtues”, drawing its sustenance directly from the nutrient rich warm waters of the Pacific Ocean. Dilo oil is believed to have healing powers and it used to enhance skin repair mechanism, soothe pain and irritation and aid in the healthy growth of skin. The oil is cold pressed and is a pure oil, thus, is readily absorbed in the skin. It relieves, nourishes and replenishes skin affected by sunburn, windburn, dermatitis, dehydration rashes,



insect bites, acne, eczema, shaving irritation, post microdermabrasion, post radiation and chemotherapy (Fiji, 2013).

This product range includes:

- Dilorescue Bath Therapy
- Dilorescue Body Gel
- Dilorescue Body Spray
- Dilorescue Body Butter

### **3.2.5 Mana'ia (For Men)**

This product range is only for men. This range includes:

- Mana'ia Body Lotion
- Mana'ia Shower Gel
- Mana'ia Body Oil
- Mana'ia Body Butter
- Mana'ia Body Buffing Scrub

### **3.2.6 Ambience**

These products provide exotic fragrances. The products include:

- Coconut Shell Candle
- Coconut Wax Candle
- Aroma Sea Shells
- Room Mist
- Aroma Flower
- Aroma Sticks



### 3.2.7 Reniu

This range of products uses coconut oil and flower extracts to make a range of products such as lotions and oil (Fiji, 2013).

### 3.2.7 Infusions

These products include body lotions, oils, soaps, body butter and body scrub which are infused with a particular fruit, nut, flower or honey to provide added benefit as well as unique fragrances (Fiji, 2013).

The infusions include:

- Guava
- Coconut
- Mango
- Frangipani
- Orange Blossom
- Passionflower
- Pineapple
- Starfruit
- White Gingerlily
- Coconut Milk and Honey
- Island Bliss

## 4.0 The Spanish Market

### 4.1 General Information

**Table 10: Basic information about Spain**

<b>Official Name</b>	Reino de España
<b>Land Mass</b>	505, 990 km <sup>2</sup>
<b>Population</b>	47.6 Million (2015)



<b>Population Density</b>	92 hab/km <sup>2</sup>
<b>Birth Rate</b>	9.88 births per 1,000 people
<b>Death Rate</b>	9 deaths/1,000 people
<b>Life Span</b>	81.47 years
<b>Capital</b>	Madrid
<b>Geographic Situation</b>	Spain is located in Southwestern Europe, it is bordered by the Mediterranean Sea, North Atlantic Ocean, Bay of Biscay, and Pyrenees Mountains; southwest of France.
<b>Climate</b>	The climate is temperate. It has clear, hot summers in the interior, more moderate and cloudy along the coast; cloudy, cold winters in the interior, partly cloudy and cool along the coast.
<b>Ethnic Groups</b>	Spanish 81.8% Other 12.2%
<b>Official Languages</b>	Spanish
<b>Currency</b>	Euros
<b>Country Code (telephone)</b>	+34
<b>ISO Code</b>	Es
<b>Political System</b>	Parliamentary Monarchy

## 4.2 Economic Framework

### Background

A recession began in 2009 due partly to a highly leveraged housing sector (Miller, Kim, Roberts, Riley, & Olson, 2015). This also gave banks bad debts. After many



reforms especially a huge budget deficit reduction (largest of its kind in the Spanish history) and crucial structural and labor reforms improved the situation. However, EU had to bail out Spain's banking sector with a €41 billion loan (Miller, Kim, Roberts, Riley, & Olson, 2015). There was a large increase in the GDP in the first quarter of 2014, a first after the 2008 recession. But, debt rose to over 90% of GDP in 2013. the unemployment rate has reduced to about 25% and youth unemployment is around 55%.

### **Rule of Law**

During the years of easy credit and economic boom, there were a few scandals that exposed systematic corruption within the political class (Miller, Kim, Roberts, Riley, & Olson, 2015). This also caused a massive erosion of institutional credibility. Redress is limited for firms that have contractual obligations breached due to a slow moving judicial system which is somewhat politicized (Miller, Kim, Roberts, Riley, & Olson, 2015). Intellectual property protection meets the EU standards and to some extent exceeds it.

### **Limited Government**

Spain has a number of tax rates, individual income tax is 52%, corporate tax rate 30%, and there is also value-added tax (VAT) and capital gains tax. The overall tax burden of domestic production is 32.9% while the government spending equates to 44.8% of domestic production and public debt is 94% of the gross domestic output (Miller, Kim, Roberts, Riley, & Olson, 2015).

### **Regulatory Efficiency**

Establishing a business has a streamlined process and the licensing requirements are fewer. There are straightforward bankruptcy proceedings and labor market reforms allow cheaper dismissal of permanent workers (Miller, Kim, Roberts, Riley, & Olson, 2015).

### **Open Markets**

There is a 1% average tariff rate for EU members. There are some non-tariff barriers; however, generally EU is open to external trade. Foreign and domestic investors are generally treated equally by Spain. There has been deep restructuring in banking which resulted



in a decline in the number of savings banks (cajas) after several rounds of consolidation (Miller, Kim, Roberts, Riley, & Olson, 2015).

**Table 11: Economic Data**

<b>GDP</b>	<b>\$1.534 trillion (2014 est. *)</b>
<b>GDP per capita</b>	\$33,000 (2014 est.)
<b>GDP Growth Rate</b>	1.3% (2014 est.)
<b>Unemployment Rate</b>	24.3% (2014 est.)
<b>Total Exports</b>	\$317.3 billion (2014 est.)
<b>GDP Export %</b>	31.8% (2014 est.)
<b>Total Imports</b>	\$337.9 billion (2014 est.)
<b>GDP Import %</b>	-28.7% (2014 est.)
<b>Current Account Balance</b>	\$12.8 billion (2014 est.)
<b>Public Debt</b>	97.6% of GDP (2014 est.)
<b>Exchange Rate (Euro/ FJD)</b>	2.283
<b>Minimum Wage</b>	€756.70 per month
<b>Inflation Rate</b>	-0.1% (2014 est.)

Note: All data are in UD dollars unless stated otherwise.

\*Estimate (est.)

### **Economic Situation**

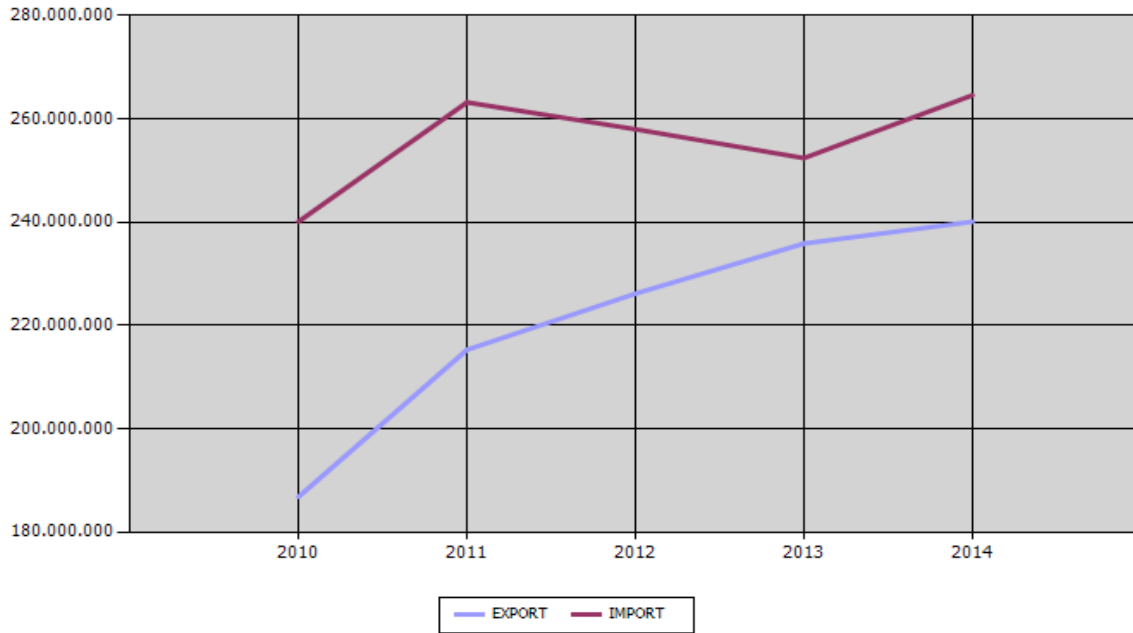
From the graph it is seen that the trade levels have increased from 2010. Over the years it has been quite stable. The imports dropped in 2013, however, rose back up in 2014. The exports have been rising. The economic situation, thus, seems stable (Miller, Kim, Roberts, Riley, & Olson, 2015).

On the other hand, the risks of the Spanish markets include the crisis. Spain's economy seems to be doing well and stepping out of the crisis. However, if something goes wrong, they could fall back into recession again. The only way this would not affect the cosmetic market too greatly is if people still have jobs and use their desired products in the same way. This is a risk that the exporters would just need to take as the benefits could outweigh the risks (Miller, Kim, Roberts, Riley, & Olson, 2015).





**Graph 2: Export Import Graph**



### 4.3 The Cosmetic Market

The ages likely to use these products (Pure Fiji cosmetics) are from the ages of 15-54. Looking at the population by age of Spain, this equates to 55.5% of the population (Ribera, 2012).

**Table 12: Population by Age**

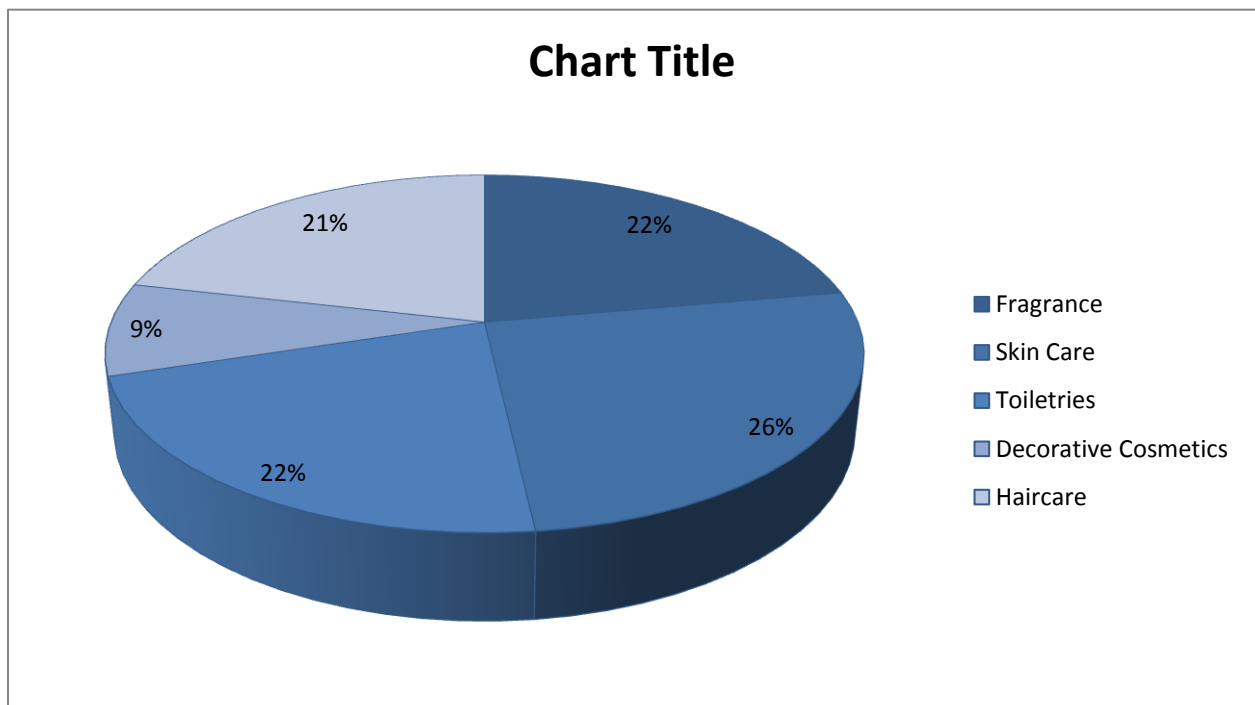
Age structure	Percentage	Male	Female
0-14 years	15.4%	3,791,781	3,575,157
15-24 years	9.6%	2,370,289	2,212,511
25-54 years	45.9%	11,158,451	10,752,197
55-64 years	11.4%	2,662,055	2,799,379
65 years and over	17.6%	3,582,643	4,833,478



The market size is 7.5 billion per year. Spain is the fifth largest European producer with Spaniards spending 8 million Euros annually on cosmetics. The business structure has 300 companies employing 32,000 people. 60% of the cosmetic sector is made up of SME's. 2.35 billion Euros are gained from cosmetic exports and 1.9 billion Euros are spent on imports (Bank, 2015).

### Chart 1: Market Share by Products

Skin care products dominate the market followed by fragrances and toiletries. Hair care products are close behind. This is an indicator that Spain definitely has a market for cosmetics (Ribera, 2012).



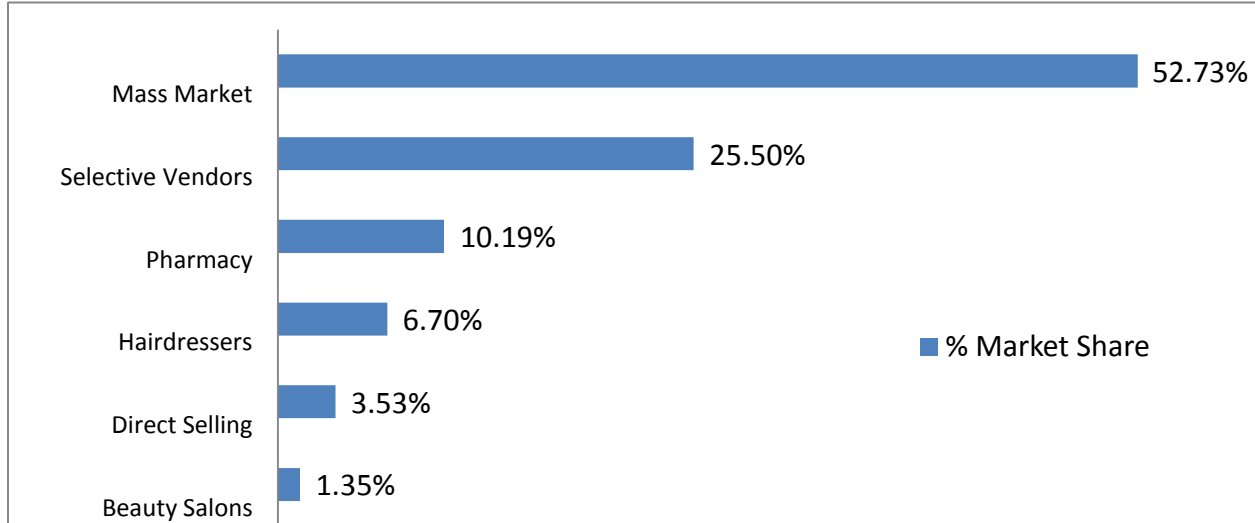
### Key Supplier

All the major international brands can be found in Spain. However, L'Oreal dominates the market, followed by Grupo Puig, Procter and Gamble and Unilever and Coty. Other competitors include: LVMH, Estee Lauder, Coty Beauty and the Colomer Group (Ribera, 2012).



## Distribution Channels for the Existing Market

Graph 3: Distribution Channels



There are different types of distribution channels that currently exist for cosmetics. These include mass market, specialty stores, pharmacies, hair dressers, direct selling and beauty salons. Some of the mass markets are El Corte Ingles, Carrefour, Alcampo and Mercadona. Some specialty stores in the Spanish market include Gilgo, Juteco, Sephora, Bodybell, Duglas, Marionnaud. These are called “perfumerias” in Spanish (Ribera, 2012).

### Market Entry

A few things need to be done to be successful in the Spanish market given that it is very competitive. Any foreign company must be ready to invest heavily in marketing, offer good quality, competitive prices and develop an attractive marketing strategy (Ribera, 2012).

An important aspect to note is the authorization and registration of the products by the Spain Drug and Health Products Agency from the Spanish Ministry of Health. Without this the products cannot be commercialized. The whole process and approval takes anywhere between three to six months (Ribera, 2012).



## **Market Issues and Obstacles**

The EU cosmetic directive is adhered to by Spain. The 1976 EU Cosmetics Directive and its amendments are implemented into the Spanish law through the Royal Decree 1599/1977 (Ribera, 2012).

For cosmetic products that are manufactured outside the EU, the manufacturer would need to appoint an authorized importer. The Spanish Drugs and Health Products Agency (AEMPS) need to authorize the importer. In addition the labeling requirements need to be met before the product reaches Spain (Ribera, 2012).

## **Opportunities**

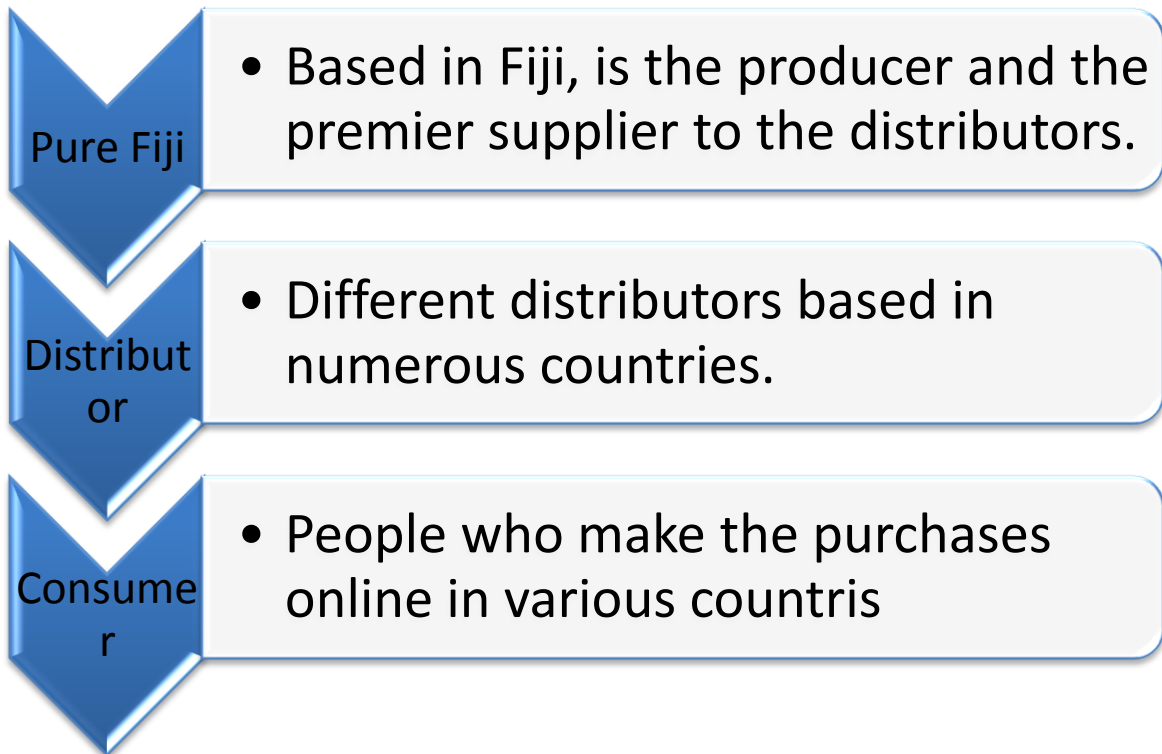
The Spanish cosmetic market is very stable and the market definitely exists. What more is that there is a demand for natural cosmetics. The Spanish consumers tend to purchase more natural products for beauty and hygiene. There are more opportunities for companies that produce chemical-free cosmetics, formulated with natural constituents that carry biodegradable packaging, no side effects to the skin and no animal testing characteristics (Ribera, 2012).

Pure Fiji is a cosmetic producer, manufacturing skin and hair care products from natural sources. They advocate on the use of natural products respecting the Fijian people, culture and environment. All their packaging is biodegradable and all products are also grey-water safe. They also practice corporate social responsibility (Fiji, 2013).

For these reasons Pure Fiji has a real opportunity in the Spanish market.

## **5.0 Method of Market Entry**

The current distribution channel for Pure Fiji includes having one distributor in a country and these distributors deliver the products to the customers who buy it online (Frodey & Naidu, 2008).



**(Illustration 4: Distribution Channel)**

This method is working well for Australia, New Zealand, United States, United Kingdom and Czech Republic. Having success in all these countries means that Pure Fiji can surely be successful in Spain using the same method.

**5.1 Steps to take:**

**Plan A**

**1. Find a distributor**

They could find an existing distributor which would be a cheaper and easier option.

**2. Export/ import procedures**

Carry out the necessary export procedures while the distributor carries out the import procedures. In this case we will look at the distributor’s perspective hence, the import



procedures. This is because we are assuming all the export papers are already in place since the company is an export company.

### **3. Start selling**

Now all that needs to be done is marketing. With the product out in the market people will buy through the websites and the distributor will start sending the items.

## **Plan B**

### **1. Establish a distributing company**

The company is entirely family owned which means their distributors are also family members based in those various countries. If they want to keep the family tradition they would need to establish a distributing company in Spain. In this case, they would need to go through all the legal requirements of establishing a business discussed in the following pages. They would also need to find a location for a warehouse or an office. Since the business is online they could use one of the smaller Spanish cities to establish a physical office to keep costs low.

### **2. Export/ import procedures**

Carry out the necessary export procedures while the distributor carries out the import procedures. In this case we will look at the distributor's perspective hence, the import procedures. This is because we are assuming all the export papers are already in place since the company is an export company.

### **3. Start selling**

Now all that needs to be done is marketing. With the product out in the market people will buy through the websites and the distributor will start sending the items.

## **5.2 Legal Requirements for Establishing a Business**

There are many types of businesses that can be established. The one we will choose for this purpose is a limited company. There are many types of Limited Companies, however, the most common one is *Sociedad Limitada* or SL in short. The advantage with this type of company is that the owner is protected from personal liability in case of bankruptcy.



However, there are a number of additional tax, accounting and mercantile obligations. An SL has to hand in annually a corporation tax return and statutory accounts. They also have to file the VAT or IVA (in Spanish), and many other periodic declarations are also usually applicable (Amat, 2014).

Here is a list of requirements:

### **1. NIE- foreigner's tax identification number**

This can be obtained from the foreigner's department at the Spanish police station (Amat, 2014). The documents required for this are:

- An application form (Solicitud de Número de Identidad de Extranjero (NIE) y Certificados (form EX-15).
- Receipt for payment of the fee stamped by the bank.
- Identity card or original passport and photocopy.
- Two passport photographs.
- You may be required to provide certified documentation stating the reasons for applying.

### **2. RMC- *Registro Mercantil Central***

To set up the SL firstly a no-name coincidence certificate has to be obtained from The Mercantile Registry. This will verify whether the company name is available or already taken. This process can be done through [www.rmc.es](http://www.rmc.es) as well. The process takes about three days and the RMC responds through courier (Amat, 2014).

### **3. AEAT- *Agencia Estatal de la Administracion Tributaria***

The next step is to apply for the C.I.F which is the tax identification number. The tax form 036 can be downloaded from [www.aeat.es](http://www.aeat.es). It is recommended to fill up the form before going to the *Hacienda* or Treasury or tax office to deliver it. It is necessary to carry the original and a photocopy of your NIE (*Numero Indentificacion Extranjero*). This process has to be done in the right office (the one for your area). This information can be obtained at the office (*Hacienda*) or from the local phone book (Amat, 2014).



#### **4. The Bank**

After obtaining the tax code and the certificate of no-name coincidence, a deposit of 3000 Euros has to be made in a Spanish bank account as this is the minimum authorized share capital. The evidence of the payment has to be delivered to the notary or a lawyer showing the act of incorporation of the company (Amat, 2014).

#### **5. The Notary**

With the three first documents, the notary can be visited to apply to be appointed as the company founding director (administrator), as well as prepare the company constitution. The local notary appointment can be arranged to sign the deed of incorporation. The nearest one in the area can be found on the following website: [www.notariado.org](http://www.notariado.org). The process takes one to three days (Amat, 2014). The following documents (and its' photocopies) are necessary for the process:

- Tax form 036,
- Certificate from the Registro Mercantil,
- NIE,
- The evidence of bank payment.

#### **6. AEAT/ *Generalitat***

After obtaining the original deed of incorporation from the notary, the Local Government Tax Authority has to be visited to register the deed. The deed will be stamped certifying that the formality is completed. This process does not take longer than two hours. Original copies of the deed and NIE must be taken as well as the photocopies (Amat, 2014).

#### **7. RM- *Registro Mercantil***

The deed now has to be taken to the RM for it to be registered in the Spanish Register of limited companies. This process takes at least 15 days. The original documents are returned at the end of the process and the deed will contain a certificate from the RM that the company is already registered (Amat, 2014).





## **8. AEAT- *Agencia Estatal de la Administracion Tributaria***

The tax office has to be visited again. This time to obtain the permanent Corporate Tax Identification Number (CIF) at the Hacienda once the incorporation process is completed. Once again the original and photocopy of the deed and NIE has to be taken (Amat, 2014).

## **9. TGSS- *Tesorería General de la Seguridad Social***

At the final stage of the registration process, the final step is for social security and occupational accident insurance purposes. The procedures by the local Ministry of Labor and Social Affairs have to be complied with. There are various options whereby the director is usually registered as *autonomo*. There is a 235 Euros monthly payment for *autonomos*. This needs to be done using original and photocopy of deed of incorporation, NIE, 036 form and TA 0521 form (this can be obtained from [www.seg-social.es](http://www.seg-social.es)) (Amat, 2014).

There are many legal issues that may have not been considered above. For this purpose it is wiser to contact a lawyer to guide you through the processes. However, if you know all the correct processes setting up the company can be done without a problem.

### **5.3 After the Setup of Business**

The distributing company has been setup legally. After this the distributor has to work with the Fijian local company to make changes to the website. In this case the website is available. The only change that needs to be made is that the language has to be changed to Spanish.

The Fijian local company may need to provide products that need to comply with the Spanish label requirements. As such it may need to be translated. This is the part of the local (Fijian) company.

The distributor has to import the products following the Spanish import regulations. After this they can market the products and start receiving orders online. Then all they have to do is send out the orders.



## **Import Documents**

Business documents are all voucher extended writing which record the operations performed in commercial activity, according to the uses and customs generalized and provisions of the law allowed (Santander, 2015).

These legal documents are paramount as it highlights the conditions of trade as listed below:

- The documents lay out the legal relationship between the parties appears in a particular transaction, that is, their rights and obligations.
- The documents provide a means test to demonstrate the performance of the acts of trade.
- The documents also constitute the fundamental accounting for such transactions.

The documents allow control of the operations performed by the company or merchant and checking of accounting entries.

The following documents will be obtained by the distributor or given to the distributor by the seller (Pure Fiji):

## **Commercial Documents**

### **1. Proforma Invoice**

The proforma invoice is a document that the vendor uses to capture a detailed offer of a sale. Being an offer, if accepted by the purchaser shall be the basis for a contract of sale. Therefore, it must contain all information necessary to establish the terms and conditions of sale (Santander, 2015).

The use of proforma invoice can arise in many cases, such as the need for obtaining some administrative requirements prior to customs clearance for import, or can be a licensed import authorization, necessary for the payment of the purchase in foreign currency, opening of a documentary credit, etc.

### **2. Commercial Invoice**

It is an administrative document issued by the seller to perform the dispatch of the goods and has an accounting function for both the seller and the buyer (Santander, 2015).



If it is a non-community transaction, the buyer will always need this document to perform customs formalities in the country of import.

### **3. Packing List**

It is related to the full content of the information described in the commercial invoice, in terms of merchandise, and should always be issued by the exporter (Santander, 2015).

It is a document that is very important in situations where physical clearance occurs and serves to facilitate the selective recognition by the "actuary" customs.

Also, it is used to check at the time of entering the goods in stock and corrections for faults, damage, leftovers, etc.

It is the document which confirms details of all packages in the shipment of goods and indication of marks, numbers, volume and weight of each. It is also the accompanying document to the Commercial Invoice.

### **4. Delivery Note**

A document accompanying a shipment of goods that lists the description and quantity of the goods delivered. A copy of the delivery note, signed by the buyer or consignee, is returned to the seller or consignor as a proof of delivery (Santander, 2015).

## **Customs Documents**

### **5. Certificate of Origin**

A Certificate of Origin is an important international trade document attesting that goods in a particular export shipment are wholly obtained, produced, manufactured or processed in a particular country (Santander, 2015).

### **6. Certificate of Free Sale**

A document required in certain countries or for certain commodities (such as pharmaceuticals), certifying that the specified imported goods are normally and freely sold in the exporting country's open markets and are approved for export (Santander, 2015).



## **Transport Documents**

### **7. Bill of Lading**

It is a document which is used in shipping. Issued by the operator or the master, serves to prove the receipt of goods transported in the contained conditions. Usually three originals are issued and several non-negotiable copies. You need to submit an original to remove the merchandise (Santander, 2015).

### **8. Sea Waybill**

A document issued by a carrier which details a shipment of merchandise and gives title of that shipment to a specified party. Bills of lading are one of three important documents used in international trade to help guarantee that exporters receive payment and importers receive merchandise. A straight bill of lading is used when payment has been made in advance of shipment and requires a carrier to deliver the merchandise to the appropriate party. An order bill of lading is used when shipping merchandise prior to payment, requiring a carrier to deliver the merchandise to the importer, and at the endorsement of the exporter the carrier may transfer title to the importer. Endorsed order bills of lading can be traded as a security or serve as collateral against debt obligations (Santander, 2015).

### **9. International Consignment Note (CMR)**

The CMR transport document is an international consignment note used by drivers, operators and forwarders alike that governs the responsibilities and liabilities of the parties to a contract for the carriage of goods by road internationally (Santander, 2015).

The carrier usually completes the form, but the sender in other words the exporter is responsible for the accuracy of the information and must sign the form when the goods are collected. The consignee will also sign the form on delivery, which is essential for the carrier to be able to confirm the delivery of the goods and to justify the payment for its services (Santander, 2015).

The CMR transport document is not a document of title and is therefore non-negotiable. This document is prepared by the exporter and the freight forwarder and is addressed to the importer and the carrier (Santander, 2015).



## EU Import Tariffs

To find out about the import tariffs, the EU Market Access Database can be used. From this website it was found that the importer does not have to pay any import tariffs (Commission, EU Tariffs, 2015).

The screenshot shows the 'Market Access Database' interface. The search results for 'Exporting Preparations for use on the hair - Other from Fiji' are as follows:

Code	Product description
33	ESSENTIAL OILS AND RESINOIDS; PERFUMERY, COSMETIC OR TOILET PREPARATIONS
3305	Preparations for use on the hair
3305 10	-Shampoos
3305 20	-Preparations for permanent waving or straightening
3305 30	-Hair lacquers
3305 90	-Other

Origin	Measure type	Tariff	Conditions	Footnote	EU Law
ERGA OMNES	Third country duty	0 %			R2261/98
Fiji	Tariff preference	0 %			D0729/09

Source: [DG Taxation and Customs Union](#) [Taric](#) (latest update on 12/06/2015)

(Illustration 5: Screenshot of EU Tariffs by Product)

The screenshot shows the 'Market Access Database' interface. The search results for 'Exporting Pre-shave, shaving or aftershave preparations, personal deodorants, bath preparations, depilatories and other perfumery, cosmetic or toilet preparations, not elsewhere specified or included; prepared room deodorisers, whether or not perfumed or having disinfectant properties - Perfumed bath salts and other bath preparations from Fiji' are as follows:

Code	Product description
33	ESSENTIAL OILS AND RESINOIDS; PERFUMERY, COSMETIC OR TOILET PREPARATIONS
3307	Pre-shave, shaving or aftershave preparations, personal deodorants, bath preparations, depilatories and other perfumery, cosmetic or toilet preparations, not elsewhere specified or included; prepared room deodorisers, whether or not perfumed or having disinfectant properties
3307 10	-Pre-shave, shaving or aftershave preparations
3307 20	-Personal deodorants and antiperspirants
3307 30	-Perfumed bath salts and other bath preparations
3307 41	-Preparations for perfuming or deodorising rooms, including odoriferous preparations used during religious rites
3307 90	-Other

Origin	Measure type	Tariff	Conditions	Footnote	EU Law
GSP (R 12/978) - General arrangements (Excluding India, Indonesia)	Tariff preference	0 %			R0978/12
ERGA OMNES	Third country duty	6.5 %			R3115/94
Fiji	Tariff preference	0 %			D0729/09

Source: [DG Taxation and Customs Union](#) [Taric](#) (latest update on 12/06/2015)

(Illustration 6: Screenshot of EU Tariffs by Product)



As seen from the images, the tariff on all the product types from the specified range from Fiji is 0%, therefore the importer does not have to pay any tariff (Commission, EU Tariffs, 2015).

## **Insurance**

It is essential to weigh the risks that can arise during the exportation process. The risks of the customers and also the risks associated with the countries in which they operate need to be evaluated. There are numerous risks to be considered when deciding to insure against them. Here is a list of risks to be aware of:

- Loss of or damage to goods in transit
- Non-payment for your goods or services
- The cost of returning to your premises any goods that a buyer abroad refuses to accept
- Political or economic instability in the buyer's country
- A new customer's credit worthiness
- Currency fluctuations
- A fault that causes an end-customer to sue.

Who pays the insurance depends on the incoterms used. The exporter and the importer have to reach an agreement as to who pays what. The exporter in this case pays for the insurance for the entire shipment as well as for the shipment under the Carriage and Insurance Paid to (CIP) incoterm (Lorette, 2015).

## **6.0 Proposed Price of the Products**

There is a large variety of products, hence calculating the price of each is difficult. The company also refused to share any information, therefore, finding the exact prices is not possible. Only an assumption can be made. In this case, the prices of products can be compared with the UK market and the Czech Republic market. This will give an idea as to what can be the possible prices of the products in the Spanish market.





There are also a number of things to consider before putting a price tag. The final price depends on how much the distributor buys the product for and the final cost of the product after all the other expenses (taxes, VAT, excise duties, etc) plus a small profit.

One thing for sure is that the Pure Fiji products will be expensive as it is aimed at the high end consumers. The local prices in Fiji are quite high and given that the product is shipped so far away, it will be very expensive.







Here is an example from the UK and Ireland market:

FEATURED PRODUCTS

 DILO RESCUE BODY BUTTER Size: 4oz (118ml) Price: <b>£9.95</b> Add To Basket	 DILO RESCUE BODY GEL Size: 8oz (235ml) Price: <b>£22.95</b> Add To Basket	 DILO RESCUE BODY SPRAY Size: 8oz (235ml) Price: <b>£20.95</b> Add To Basket
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(Illustration 7: Prices of Products in the UK Market)

Another example from the Czech Republic market:

 HYDRATAČNÍ MULTI - AKTIVNÍ SÉRUM Cena: <b>1 200 Kč</b> s DPH Velikost: 30ml Do košíku	 NÁPLŇ DO DIFUZÉRU - ANANAS Cena: <b>550 Kč</b> s DPH Velikost: 120ml Do košíku	 SVÍČKA S KVĚTY PLUMÉRIE - MALÁ CIHLA Cena: <b>750 Kč</b> s DPH Velikost: 50x150mm Do košíku
 HYDRATAČNÍ TĚLOVÉ MLÉKO - ISLAND BLISS Cena: <b>660 Kč</b> s DPH Velikost: 354ml	 HYDRATAČNÍ TĚLOVÉ MLÉKO - KARAMBOLA Cena: <b>660 Kč</b> s DPH Velikost: 354ml	 DÁRKOVÁ SADA NA LÁZEŇSKOU PĚČI - KVĚT POMERANČE Cena: <b>600 Kč</b> s DPH Velikost: 2x29ml, 2x59ml

(Illustration 8: Prices of Products in the Czech Republic Market)



## 7.0 Marketing Strategy

The marketing strategy is a combination of all an organization's marketing goals into one comprehensive plan (Marketing Strategy, 2015). To create a good marketing strategy, a marketing research first needs to be conducted. It should also focus on the correct product mix so as to achieve the maximum profit potential and sustain the business. The foundation of the marketing plan is the marketing strategy.

It is said that the "heart of the business success lies in its marketing" (Lorette, 2015). So much importance is given to marketing because marketing is what gets the products known to the customers and this is the very essential especially for a new company. Marketing includes advertising, public relations, promotions and sales. It is a process through which a product or service is made known to the potential customers. Without marketing, the potential customers may never know about your products even if they are of quality, sales may drop and companies could close (Lorette, 2015).

Once the product is known in the market, the chances of consumers' making a purchase increases. Soon the word about the new product spreads as customers tell their friends and families about it. As the news spreads the sale would increase. Without having a marketing strategy these sales probably would never happen. Thus, the company would not be successful (Marketing Strategy, 2015).

A company's success also relies on a solid reputation (Lorette, 2015). Companies' get a chance to build brand name through marketing. This gives them a strong reputation, hence they make a stand in the market. With reputation, the business expands and the sales increase. For obvious reasons marketing is a very important aspect of a business but it can be very costly. The first year specially is very difficult for companies as they can end up spending 30-50% of their annual sales on marketing (Lorette, 2015). Having a mix of different forms of marketing is the best for the company. These can include website development, print and broadcast advertising, public relations, trade shows, design and printing for all print materials and other special events (Marketing Strategy, 2015).

In this chapter, the marketing strategy for Pure Fiji will be highlighted in detail.





## 7.1 The Marketing Strategy for Pure Fiji

The marketing strategy for the distributor is assumed to be the similar to Pure Fiji as the distributor because the company needs to maintain the family tradition. The focus of this section is more on the marketing strategy of the distributor but we still need to have a look at the local company's stance in the market given that the distributor has to follow in its footsteps. Looking at Pure Fiji's marketing strategy; a similar one for the distributor can be developed.

The following is the marketing analysis for Pure Fiji to stay as the premier cosmetics producer in the Pacific. This analysis has been highly cited from Albert Niumat's research (Niumat, 2014).

### 7.1.1 Scope

- Situation (the situation is explained)
- Mission (the company mission)
- Execution (SWOT analysis)
- Conclusion (course of action Development)
- Recommendations (course of action analysis, drafting of strategic intent and drafting of strategic mission)

### 7.1.2 Situation

Pure Fiji is the only leading cosmetics company in the Pacific. It has already made a name around the world in countries such as Australia, New Zealand, United States, United Kingdom and Czech Republic.

### 7.1.3 Mission

The group intends to formulate a strategic intent and mission for the company.

### 7.1.4 Execution

Carry out a SWOT analysis and then develop and analyze necessary courses of action.



## **Strengths**

The company has access to local resources that are readily available and inexpensive. There is a cheap labor market. The skills for soap and lotion making are readily available from the owner's family. Moreover, the market for product is untapped.

## **Weaknesses**

Production of raw materials is challenging. The constant supply of raw materials for production is inconsistent. The local market is limited however, the overseas market is their major market. The packaging facility is insufficient. There is a lack of marketing strategy.

## **Opportunities**

A consultant was hired to teach the villagers the paper making process. There are also opportunities to produce raw materials. Village to village cooperatives were formed for paper making and basket weaving. In addition there is a constant supply of raw materials to sustain their production. They also have exposure to overseas markets through conventions and expos. Moreover, there is a robust marketing strategy and provision of expertise help in the manufacturing, design and packaging unit.

## **Threats**

There are two types of threats: internal and external threats. Internal threats can be divided into two parts; the tangible threats which include hindrance in access to raw materials, disruption in formal reporting structure and its planning and controlling and coordination systems, a drop in the firm's borrowing capacity and sabotage or exposure of stock of technology such as patents, trademarks, copyrights and trade secrets. The intangible threats include: sudden change in management and reputation with customers and/ or suppliers being compromised.

The external threats include: a threat of new entrants, the power of the supplier, the power of the buyer, the intensity of competition and product substitution.



## **Course of Action Development**

There is a need for more in-depth analysis and threat, vulnerability, and risk assessments, proactive situational awareness, contingency planning for internal threats as well as for external threats and strategic direction versus operational management.

## **Recommendations**

### ***Course of action analysis***

The research and development (R&D) team needs to carry out all tasks identified and to conduct more research and assessments. If there is no R&D team, one needs to be setup.

### ***Strategic Intent***

Pure Fiji has to pursue a policy of proactive situational awareness and preparedness for all the company's future endeavors.

### ***Strategic Mission***

Pure Fiji aims to dominate the Pacific region's cosmetic region by 2034.

## **7.2 Marketing Strategy for the Distributor**

This is the strategic plan for Pure Fiji. As seen they do not have a concrete marketing strategy. They use e-commerce, social media marketing and "word of mouth" along with corporate social responsibility (CSR) (Frodey & Naidu, 2008). However, with just these marketing methods they still conquer the markets internationally and achieve such high recognition. Earlier on in this chapter the importance of marketing was stressed in detail. However, we will try to keep to these two means of marketing as they are success and they keep to the company traditions. In addition, these are cheap marketing methods.

The following is the proposed marketing strategy for the distributor.

## **Executive Summary**

Pure Fiji is a range of cosmetics that are produced entirely with pure and natural products from the beautiful island of Fiji. The pure range of fruits and nuts give the product its unique quality



and goodness and the rich scents as well as the healthy essentials that the skin and hair needs. The products are aimed at high end customers. Pure Fiji is a completely family owned highly privatized company. Keeping the family as well as the island traditions is important to them. As such they expect the distributors to follow these standard traditions.

### **Situation Analysis**

Exposure to new market has just started, hence, marketing is essential. However, since the family traditions have to be maintained, we cannot go overboard with the various marketing strategies. Newspaper advertisements, TV commercials, radio commercials are not recommended. Making a mark in the market and keeping the family tradition is a challenge especially if customers have to be attracted in a completely new market.

### **Market Research**

Market research has been done in chapter 4. However, to put the marketing strategy together, the previous information will be used again to provide a brief research under different subheadings.

### ***Market Summary***

The Spanish cosmetic market is very stable and the market definitely exists. What more is that there is a demand for natural cosmetics. The Spanish consumers tend to purchase more natural products for beauty and hygiene. There are more opportunities for companies that produce chemical-free cosmetics, formulated with natural constituents that carry biodegradable packaging, no side effects to the skin and no animal testing characteristics.

### ***Market Analysis***

The ages likely to use these products (Pure Fiji cosmetics) are from the ages of 15-54. Looking at the population by age of Spain, this equates to 55.5% of the population (Ribera, 2012).

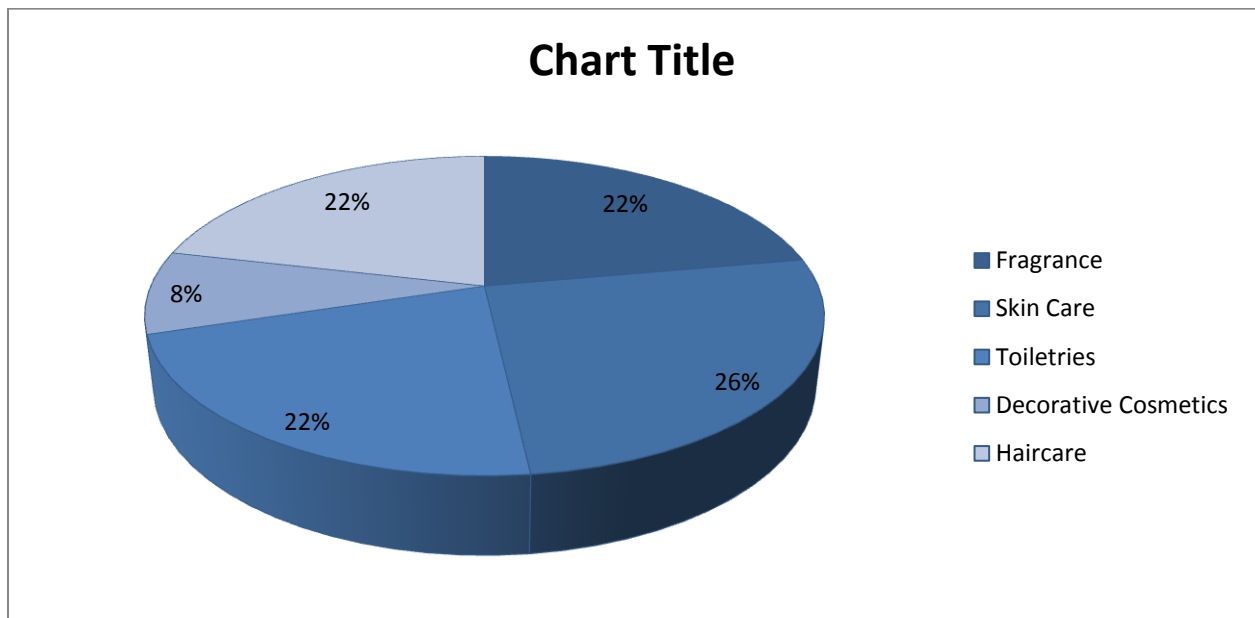


**Table 13: Population by Age**

Age structure	Percentage	Male	Female
0-14 years	15.4%	3,791,781	3,575,157
15-24 years	9.6%	2,370,289	2,212,511
25-54 years	45.9%	11,158,451	10,752,197
55-64 years	11.4%	2,662,055	2,799,379
65 years and over	17.6%	3,582,643	4,833,478

**Chart 2: Market Share by Products**

Skin care products dominate the market followed by fragrances and toiletries. Hair care products are close behind. This is an indicator that Spain definitely has a market for cosmetics (Ribera, 2012).





### ***Market Growth***

The market size is 7.5 billion per year. Spain is the fifth largest European producer with Spaniards spending 8 million Euros annually on cosmetics. The business structure has 300 companies employing 32,000 people. 60% of the cosmetic sector is made up of SME's. 2.35 billion Euros are gained from cosmetic exports and 1.9 billion Euros are spent on imports (Ribera, 2012).

### ***Market Needs***

Pure Fiji aims to provide the best to its customers (Fiji, 2013). They will try to fulfill the benefits that are essential to the customers. These are:

- **Selection:** a complete selection of the products from the pure Fiji range so that customers have a lot to choose from.
- **Accessibility:** there is no waiting in long lines or spending time going out of the house. All items can be purchased from the comfort of your own homes.
- **Customer Service:** the customer is ALWAYS right. This is the basic principal that has to be followed when dealing with customers. In addition help and support has to be provided to customers as well as timely responses to questions and queries.
- **Competitive Pricing:** all prices will be reasonably priced according to the quality of the products as well as in accordance with the prices for the rest of the products in the market.

### ***Market Trend***

The target market for Pure Fiji is the high end customers (Frodey & Naidu, 2008). These customers will surely be more sophisticated. As such the products and the services have to match the standards. These are done in a number of ways:

- **Product quality:** first and foremost the product is of excellent quality. The name gives what it suggests, "Pure".
- **Quick and easy shopping:** shopping from anywhere you find comfort is the growing trend. With such busy schedules people will find this a very convenient way of shopping.



## **SWOT Analysis**

### ***Strengths***

The company uses its own manufacturing methods to make the products, hence they do not need external help. The products are made from natural sources, therefore making it truly pure. This gives them benefit in the market over other products.

### **Weaknesses**

The products are new to the market with hardly any marketing strategy. The products are also a little expensive. For these reasons it is hard to predict how successful the company would be.

### **Opportunities**

The Spanish cosmetic market has a demand for natural cosmetics. The Spanish consumers tend to purchase more natural products for beauty and hygiene. There are more opportunities for companies that produce chemical-free cosmetics, formulated with natural constituents that carry biodegradable packaging, no side effects to the skin and no animal testing characteristics. For these reasons Pure Fiji has a real opportunity in the Spanish market.

### **Threats**

The usual threats exist. Depending on the sales, the financial status of the company could be in danger putting their borrowing power at risk, new competition, and lack of raw materials to make their products as well as sabotage.

### **Competition**

There are no major competitions as the products are very unique. The prices may be competitive with some cosmetics but it isn't a major thing to worry about as the target market is the high end customers.

### **Product Offering**

Pure Fiji offers a wide range of natural and pure skin and hair products.



## Keys to Success

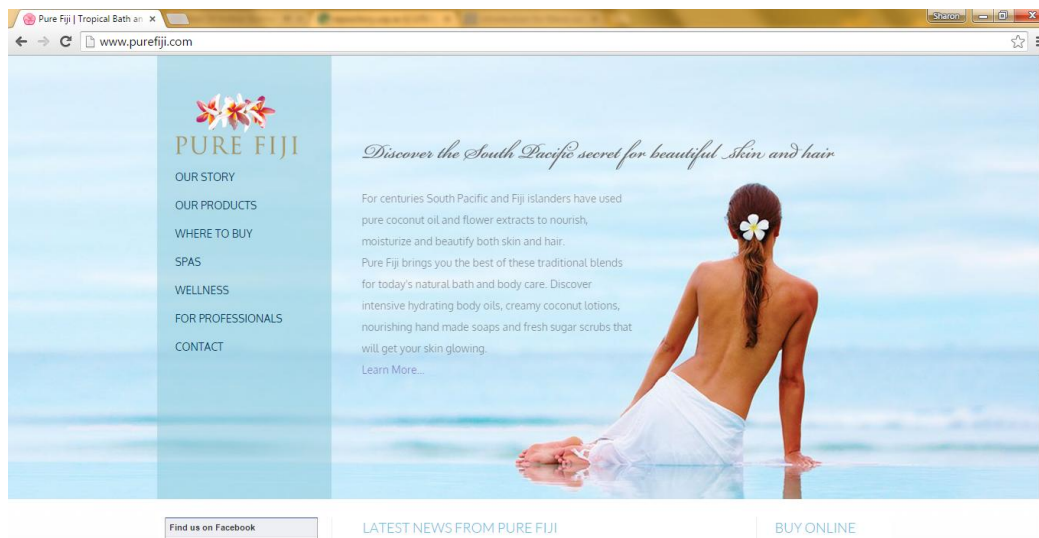
Attracting customers who value the pure Fiji products and who will become loyal customers.

## Marketing Method

The most important aspect of the marketing strategy is the marketing methods. Respecting Pure Fiji's wishes of keeping the family tradition, the three methods that are used by them will be used by the distributor. These methods are e-commerce, social media marketing and word of mouth.

## E-Commerce

E-commerce or electronic commerce is using the internet to trade in products. In this case, to sell the products. According to Pure Fiji, using the internet gives them the opportunity to get into markets that would otherwise be difficult to get into. The only means they use is keeping a well maintained website. The website is easy to use and quick to load even with pictures. It provides pictures in real size which helps customers a lot since they cannot touch or feel the product. Details about how the products are made are also available to provide customers with all the information they need. The website is also a form of electronic brochure for the company. For these reasons e-commerce is used and has proved to be a huge success (Frodey & Naidu, 2008).



(Illustration 9: Pure Fiji Website)





## Social Media Marketing

Pure Fiji has a Facebook page which is advertised on their website and vice-versa. This page can be used by the distributor to put the brand name out to the world (Frodey & Naidu, 2008).



(Illustration 10: Pure Fiji Facebook Page)

### “Word-of Mouth”

This method involves getting some customers first and counting on them to spread the word about the product to their friends and family who will then buy it. Once they try it and if they like it they will recommend to more people and this will get more customers. This method is quite risky and is a bit of a “gamble”. However, it has been successful for Pure Fiji (Frodey & Naidu, 2008), hence chances of it being successful for the distributor are quite high.

### Corporate Social Responsibility (CSR)

In this aspect what Pure Fiji does is make donations to local events where acknowledgements of sponsorships are given in the media (Frodey & Naidu, 2008). This way word is spread to the people. This strategy takes care of the social responsibility as well as benefits them, thus is a good strategy that the distributor could keep.



## **Control**

The only control the distributor has to follow is to remember to keep the many years of family tradition.

## **Implementation**

It is important to keep a detailed plan and to stick to it, ensuring that each goal is achieved when it is supposed to.



## 8.0 Conclusion

Globalization has brought the world closer through global integration making trade with countries far away possible. As such, entering the Spanish cosmetic market at this point in time for a small company like Pure Fiji is possible. This has been seen in this research. However, Pure Fiji presents some challenges.

The aim of this research has been to highlight the two economies (Fiji and Spain), the bilateral relationship between the two, produce a market research for cosmetics in Spain and discuss the details of the company and its products. Finally the most important aspect which was looked at was the method of market entry and marketing strategy to get the sales going. All this was done keeping in mind the highly traditional and cultural nature of the company that kept the products and the operation method same in every international market.

The first four aims were fulfilled through internet research without any major challenges. The only significant challenge which was faced for the entire research was the lack of support from the company which claimed that they could not release any information besides what was on the internet already due to their highly privatized nature. The problem with this was that due to their privatized nature, there is hardly any major information about them on the internet such as financial reports, etc. However, with the information that was available the most important aspects; method of market entry and marketing strategy were laid out as clearly and concisely as possible.

At the end of this research it was noted that usually trade can be a very simple process, however, in the case of Pure Fiji, it presents some challenges. The company is adamant on keeping the family traditions and the Fijian culture. Therefore, in every international market they aim to maintain this which proves to be a bit of a challenge. A major challenge is that the company is purely family owned and so their distributors in the international markets are family as well.

The solution to this problem was proposed through opening a distributing business by the company in Spain and then importing through the Spanish based company and distributing the products to the Spanish market. This keeps the distribution channel in all the markets, the same thus, maintaining the family tradition.



To add on, another challenge which is again related to the traditional nature of the business is the marketing strategy. They only use four simple marketing methods which in theory may not be very successful. However, on the contrary it has been stated by the company that these methods have been very successful for their various other international markets. Keeping this in mind the same methods were proposed for the Spanish market.

Therefore, in conclusion it can be noted that not only does a cosmetic market exist in Spain for the Fijian products but it is possible to enter the market with the same traditions and culture of the Pure Fiji. The only thing that would need to be changed is the language for the labels for the products. Besides that Pure Fiji can use the same distribution channel and the same marketing strategy and keep the Fijian culture alive.



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## 10.0 Appendices

The following are the products produced by Pure Fiji.

### Skin- Facial Solutions





PERFECTING DAY CRÈME



PERFECTING LOTION



FIRMING DAY CRÈME



ANTI AGING INTENSE DAY  
CRÈME



ANTI AGING BOOSTER - DILO  
OIL



ANTI-WRINKLE EYE CREAM





## Body Care Products

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SUGAR RUB



EXOTIC OIL



HYDRATING BODY LOTION



COCONUT BODY BUTTER



BODY MIST



MILK BATH SOAK



BODY SCRUB



SHOWER GEL



SPA SOAP



## Hair Products





## Dilo Rescue (Skin Repair)





## Mana'ia (For Men)





## Ambience



Coconut Shell Candle



Coconut Wax Candle



Room Mist



Aroma Flower





## Reniu









**Infusions** (These are the different fragrances of the infusion product range (body lotions, body moisturizer, body butter and body oil))



GUAVA (NEW)



COCONUT



MANGO



FRANGIPANI



ORANGE BLOSSOM



PASSIONFLOWER





PINEAPPLE



STARFRUIT



WHITE GINGERLILY



COCONUT MILK AND HONEY



ISLAND BLISS





