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***EXECUTIVE SUMMARY:***

A client firm wants our consulting firm to determine a consumer item and a foreign country market to export this item. After making the necessary research and analysis, POULTRYINDUSTRYand from this industry chicken and turkey productsare determined to be the right item and market for this client-firm.

After selecting the consumer item to export, the potential foreign country markets are identified. These are Bulgaria, China, Macedonia, Azerbeijan and, Hong Kong. Then the import-export data from Turkey with the aspects of the environment of each potential foreign country market is analyzed.

The countries that Turkey export poultry products are different economic, legal and social environment but especially in Bulgaria presents a stable and predictable macro economic environment. Also Turkey Bulgaria free trade agreement gives advantages to Turkey label products in Bulgaria. According to igeme datas Bulgaria is a potential market for poultry products.

Then a SWOT analysis is conducted after analyzing the competitive environment in the poultry market of Bulgaria and strengths, weaknesses, oppotunities, and threats are identified in this analysis. According to the SWOT analysis, Bulgarian poultry industry is in developing stage. Considering the results of the SWOT analysis, a marketing strategy is formulated for the client-firm.

After selecting the poultry industry and the foreign market, the competitive firms and marketing strategies are identified**.** Market structure of Bulgaria food sector identified.

Finally, the four Ps of the market are identified and finally it is offered to the client-firm to make a feasibility to identify if entering the market is profitable or not. If it is found to be feasible, the client-firm should enter the market and export its products without any doubt.

***1) INTRODUCTION***

We are the Sect consulting Company. We research the countries alternative importing products and countries possible markets. Banvit apply to us to investigate some countries for exporting poultry products. Banvit is the one of the most important company in poultry industry in Turkey. They produce chicken and turkey products. Their products are fresh and frozen. They want to export their fresh and frozen products because the Turkish market is not stable in 1999 and 2002. Banvit found the solution in export. According to export statistics in different resources we searched the Bulgaria, China, Macedonia, Azerbeijan and, Hong Kong markets and made feasibility reports to them.

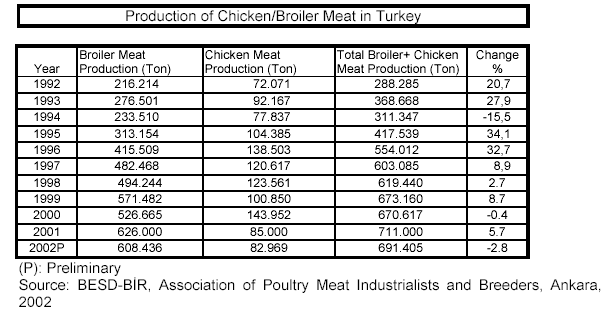
***2) ENVIRONMENTAL ANALYSIS:***

In the world and in Turkey; there is an increasing demand for chicken and turkey. There has been an important investments since 1980 with related about consumer trends. The Turkish poultry industry is going to be the major export competitor in the world cause by experience of production, technological developments, high quality and variety of products. To choose the right foreign country market, the import-export data for each potential country market from Turkey should be analyzed and the most potential entry market identified.

1. ***POULTRY INDUSTRY IN TURKEY*** *:*

The poultry industry is characterized by chiken and turkey. Chiken production in poultry industry has an important role which has an increasing development, own production plannig that to be enough for country demand in Turkey. The total production %80 of white meat processed in modern facilities, and also tese facilities are more modern than the developing country’s facilities. The Turkey is ranked 18. in the world productin of white meat rankings, there are 176 countries. The Turkey sector careffuly follow up the developments and technology change that is affect the production.

**Table:1 Production of Chicken/Broiler Meat in Turkey**



Production lines of the breeders are equipped with the latest technology with top hygienic standards, which are in full compliance with the European standards. Lower price of chicken meat against red meat rocketed its consumption in the domestic market. There are capacity expansion and modernisation investments to increase the productivity. This would have easy access to new products, to be a step ahead among competitors in the sector. Turkey’s largest chicken meat producer’s capacity was 96,000 tons and the capacity of the second biggest chicken meat producer in Turkey was about 58,000 tons in 2000. The third biggest company’s output was 36,000 tons while several other firms shared the remaining 219.480 tons of the rapidly growing market which reached 670.617 tons. Domestic sale of whole chiken is %75, %25 of the sale is cut-ups. The sale of cut-ups chicken includes %73'ü breast, %11 gizzard, %6 neck, and %4 flato. There is an important growth for production of turkey meat which has a great potentail for exporting.

**Table:2 Turkish Poultry Export by Years**

|  |  |  |
| --- | --- | --- |
| **Years** | **Amount (Kg.)** | **Value ($)** |
| **1994** | **12 603 356** | **12 677 607** |
| **1995** | **4 913 335** | **5 113 046** |
| **1996** | **9 520 285** | **8 849 291** |
| **1997** | **11 011 865** | **10 445 397** |
| **1998** | **12 481 088** | **11 178 191** |
| **1999** | **9 885 993** | **6 756 996** |
| **2000** | **9 840 613** | **5 611 390** |
| **2001** | **24417223** | **14242215** |
| **2002** | **19519853** | **11222375** |

Source: UFT

1. ***TURKEY FOREIGN TRADE IN POULTRY***

The production of the white meat has decline level in 2002 which had move top export amount in 2001. By the statistics of recent years; Azerbaijan, Russia, China, Hong-Kong, Macedonia and K.K.T.C are the important export regions for Turkey. Also researchs show that the Bulgaria has huge potential for the poultry export from Turkey. 1994-1997 the export are made between Russia, K.K.T.C, centralized Asian Turkish Republics, and middle-east countries, but after the crisis of Russia and tarrifs applications; Turkey’s export to Russia at almost stop level. In the 2001 the export has been starting again. The export of poultry includes; whole chiken, liver, processed chicken/turkey parts for fast food and ready meals are the impotant parts. %65 export of the poultry is (fresh / frozen), chicken cut-ups and liver. Also %70 of the whole chicken export consists of fast food, ready meal products.

TS. 2409 tavuk gövde eti (karkas) ve TS 4018 hindi eti standards are in the legislation.

**Table: 3 World Production of White Meat (Tone)**

|  |  |
| --- | --- |
| **Years** | **Amount** |
| **1999** | **55.960.358** |
| **2000** | **58.699.207** |
| **2001** | **60.882.844** |
| **2002** | **63.400.358** |

*Source: www.fao.org*

**Table: 4 Turkish Poultry Export by Country and Amounts in Year (value: $)**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Countries** | **1998** | **1999** | **2000** | **2001** | **2002** |
| **Romania** | **1.650.084** | **-** | **-** | **-** | **-** |
| **Azerbaijan** | **5.462.380** | **2.463.603** | **1.694.283** | **3.703.904** | **3.252.318** |
| **Georgia** | **138** | **-** | **-** | **290.864** | **244.239** |
| **Russia** | **-** | **-** | **-** | **19.505** | **23.221** |
| **Iraq** | **-** | **-** | **-** | **-** | **-** |
| **K.K.T.C.** | **429.020** | **584.985** | **429.876** | **1.327.816** | **486.410** |
| **Macedonia** | **18.500** | **-** | **3.532** | **1.382.512** | **687.012** |
| **China** | **2.034.860** | **2.605.086** | **2.771.847** | **3.667.957** | **3.769.150** |
| **Hong Kong** | **784.706** | **308.806** | **367.930** | **1.415.609** | **1.327.550** |
| **Albania** | **-** | **-** | **-** | **246.315** | **73.872** |
| **Iran** | **-** | **-** | **-** | **32.026** | **-** |
| **Kuwait** | **-** | **-** | **-** | **36** | **3.889** |
| **Bulgaria** | **15.977** | **10.850** | **-** | **1.103.289** | **415.631** |
| **Uzbekistan** | **250.390** | **534.213** | **217.604** | **342.004** | **212.405** |
| **Kazakhstan** | **-** | **54.258** | **-** | **-** | **50.495** |
| **Bosnia Herzegovina** | **-** | **-** | **-** | **-** | **-** |
| **Yugoslavia** | **-** | **-** | **44.266** | **132.884** | **87.902** |
| **Others** | **532.136** | **195.195** | **82.052** | **577.494** | **588.281** |
| **Total** | **11.178.191** | **6.756.996** | **5.611.390** | **14.242.215** | **11.222.375** |

*Source: igeme*

1. ***COMPANY PROFILE:***

**BANVIT** is to be a leading food producing company. The basis of Banvit’s success is its philosophy; hard work and continuous customer satisfaction without compromising on quality or cost. Their most important task is to respond to the needs and expectations of the consumers. A company that becomes a prominent brand must be accountable for its products. When they presented packaged fresh produce for the first time in the sector, they were effectively saying: “We always guarantee the quality of our products”. We are confident because we keep up with all the changes and developments in the sector.

In 2003, 8,782 tonnes of fully cooked products were produced. This processing plant which has a capacity of 600 tonnes per week had operated with a 30% capacity utilisation rate . Currently they have a total of 43 different products including 3 types of sausages, 9 varieties of salami, 7 types of meatballs, 6 types of frankfurters, 7 varieties of kebabs, 5 different types of coated products, 3 types of burgers and 3 types of pastries.

1. ***ASPECTS OF THE ENVIRONMENT***

Turkey exports poultry foods (which includes frozen poultry) to different regions which the countries have different aspects of environment.

**d1) ECONOMIC ENVIRONMENT**

**Table 9: Economic Environment of Bulgaria, China, Macedonia, Azerbeijan and, Hong Kong**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **GDP/PPP** | **Real growth rate** | **Inflation** | **Unemployment** | **Labor force** | **Export** | **Import** |
| **Bulgaria** | **49.23 bil./$6500** | **%4.8** | **%5.9** | **%18** | **3.83** | **5.3 bil.** | **6.9 bil.** |
| **China** | **5.989tril/$4700** | **%8** | **-%0.8** | **%10** | **744 mil.** | **325.6 bil.** | **295.3 bil.** |
| **Macedonia** | **10,57 bil/$5100** | **%0.7** | **%1.1** | **%37** | **1.1 mil.** | **1.1 bil.** | **1.9 bil** |
| **Azerbaijan** | **24.3 bil/$3100** | **%9.9** | **%1.6** | **%20** | **29 mil.** | **2 bil.** | **1.6 bil.** |
| **Hong-kong** | **198.5 bil./$27500** | **%2.3** | **%3** | **%7.5** | **3.52 mil.** | **200.3 bil.** | **208.1 bil.** |

**BULGARIA:**

**Population:** 7,537,929

**Population Growth**: 1.09

**Nationality:** Bulgarian

**Ethnic Groups:** Bulgarian: 83.6

Turk: 9.5

Roma: 4.6

Others: 2.3 (Macedonian, Armenian, Tatar)

**Religions:** Bulgaraian Orthodox: 83.3

Muslim: 12.1

Roman Catholic: 1.7

Jewish: 0.1

Others: 2.3

**Language:** Bulgarian

**Economic Overview:** Bulgaria, a former communist country striving to enter the European Union, has experienced macroeconomic stability and strong growth since a major economic downturn in 1996 led to the fall of the then socialist government. As a result, the government became committed to economic reform and responsible fiscal planning. A $300 million stand-by agreement negotiated with the IMF at the end of 2001 has supported government efforts to overcome high rates of poverty and unemployment.

**Table 10: Turkey-Bulgaria Foreign Trade Values (1000 $)**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Years** | **Export** | **Import** | **Balance** | **Volume** |
| **1996** | **156 905** | **362 771** | **-205 866** | **519 676** |
| **1997** | **175 885** | **408 851** | **- 232 966** | **584 736** |
| **1998** | **213 316** | **367 421** | **-154 105** | **580 737** |
| **1999** | **233 606** | **295 575** | **- 61 969** | **529 181** |
| **2000** | **252 934** | **465 405** | **-212 471** | **718 339** |
| **2001** | **299 415** | **393 516** | **-94 101** | **692 931** |
| **2002** | **377 502** | **506 002** | **-128 500** | **883 504** |

*Source: UFT*

**GDP/PPP**: $49.23 billion; per capita $6,500.

**Real growth rate**: 4.8%.

**Inflation**: 5.9%.

**Unemployment**: 18%.

**Arable land**: 39%.

**Agriculture**: vegetables, fruits, tobacco, livestock, wine, wheat, barley, sunflowers, sugar beets.

**Labor force**: 3.83 million (2000 est.); agriculture 26%, industry 31%, services 43% (1998 est.).

**Industries:** electricity, gas and water; food, beverages and tobacco; machinery and equipment, base metals, chemical products, coke, refined petroleum, nuclear fuel.

**Natural resources**: bauxite, copper, lead, zinc, coal, timber, arable land.

**Exports:** $5.3 billion (f.o.b., 2002 est.): clothing, footwear, iron and steel, machinery and equipment, fuels.

**Imports**: $6.9 billion (f.o.b., 2002 est.): fuels, minerals, and raw materials; machinery and equipment; metals and ores; chemicals and plastics; food, textiles.

**Major trading partners**: Italy, Germany, Turkey, Greece, France, U.S.., Russia.

**CHINA:**

**Economic Overview:**.In 2003, with its 1.3 billion people but a GDP of just $5,000 per capita, China stood as the second-largest economy in the world after the US (measured on a purchasing power parity basis). Agriculture and industry have posted major gains, especially in coastal areas near Hong Kong and opposite Taiwan, where foreign investment has helped spur output of both domestic and export goods. The government has struggled to (a) collect revenues due from provinces, businesses, and individuals; (b) reduce corruption and other economic crimes; and (c) keep afloat the large state-owned enterprises, many of which had been shielded from competition by subsidies and had been losing the ability to pay full wages and pensions. From 80 to 120 million surplus rural workers are adrift between the villages and the cities, many subsisting through part-time low-paying jobs. Popular resistance, changes in central policy, and loss of authority by rural cadres have weakened China's population control program, which is essential to maintaining long-term growth in living standards. Another long-term threat to growth is the deterioration in the environment, notably air pollution, soil erosion, and the steady fall of the water table especially in the north. Accession to the World Trade Organization helps strengthen China's ability to maintain strong growth rates but at the same time puts additional pressure on the hybrid system of strong political controls and growing market influences. **GDP/PPP** (2002 est.): $5.989 trillion; per capita $4,700.

**Real growth rate**: 8% (official estimate).

**Inflation**: –0.8%.

**Unemployment**: urban unemployment roughly 10%; substantial unemployment and underemployment in rural areas.

**Arable land**: 13%.

**Agriculture**: rice, wheat, potatoes, sorghum, peanuts, tea, millet, barley, cotton, oilseed; pork; fish**.**

**Labor force**: 744 million (2001 est.); agriculture 50%, industry 22%, services 28% (2001 est.).

**Industries**: iron and steel, coal, machine building, armaments, textiles and apparel, petroleum, cement, chemical fertilizers, footwear, toys, food processing, automobiles, consumer electronics, telecommunications.

**Natural resources**: coal, iron ore, petroleum, natural gas, mercury, tin, tungsten, antimony, manganese, molybdenum, vanadium, magnetite, aluminum, lead, zinc, uranium, hydropower potential (world's largest).

**Exports**: $325.6 billion (f.o.b., 2002 est.): machinery and equipment; textiles and clothing, footwear, toys and sporting goods; mineral fuels**.**

**Imports**: $295.3 billion (f.o.b., 2002 est.): machinery and equipment, mineral fuels, plastics, iron and steel, chemicals.

**Major trading partners**: U.S., Hong Kong, Japan, South Korea, Taiwan, Germany.

**AZERBAIJAN**

**Economic Overview:** Azerbaijan's number one export is oil. Azerbaijan's oil production declined through 1997 but has registered an increase every year since.. Azerbaijan shares all the formidable problems of the former Soviet republics in making the transition from a command to a market economy, but its considerable energy resources brighten its long-term prospects. Baku has only recently begun making progress on economic reform, and old economic ties and structures are slowly being replaced. One obstacle to economic progress is the need for stepped up foreign investment in the non-energy sector, and continuing conflict with Armenia over the Nagorno-Karabakh region. Trade with Russia and the other former Soviet republics is declining in importance while trade is building with Turkey and the nations of Europe.

**GDP/PPP** (2001 est.): $24.3 billion; per capita $3,100.

**Real growth rate**: 9.9%.

**Inflation:** 1.6%.

**Unemployment:** 20% (official rate is 1.3% for 2001) (1999 est.).

**Arable land**: 19%.

**Agriculture**: cotton, grain, rice, grapes, fruit, vegetables, tea, tobacco; cattle, pigs, sheep, goats.

**Labor force**: 2.9 million (1997); agriculture and forestry 32%, industry and construction 15%, services 53% (1997).

**Industries**: petroleum and natural gas, petroleum products, oilfield equipment; steel, iron ore, cement; chemicals and petrochemicals; textiles. Natural resources: petroleum, natural gas, iron ore, nonferrous metals, alumina**.**

**Exports**: $2 billion (f.o.b., 2001 est.): oil and gas 90%, machinery, cotton, foodstuffs**. Imports**: $1.6 billion (f.o.b., 2001): machinery and equipment, foodstuffs, metals, chemicals. **Major trading partners**: Italy, France, Israel, Turkey, Russia, U.S., Iran, Germany

**MACEDONIA**

**Economic summary**: At independence in November 1991, Macedonia was the least developed of the Yugoslav republics, producing a mere 5% of the total federal output of goods and services. The collapse of Yugoslavia ended transfer payments from the center and eliminated advantages from inclusion in a de facto free trade area. An absence of infrastructure, UN sanctions on Yugoslavia, one of its largest markets, and a Greek economic embargo over a dispute about the country's constitutional name and flag hindered economic growth until 1996. GDP subsequently rose each year through 2000. However, the leadership's commitment to economic reform, free trade, and regional integration was undermined by the ethnic Albanian insurgency of 2001. The economy shrank 4.5% because of decreased trade, intermittent border closures, increased deficit spending on security needs, and investor uncertainty. Growth barely recovered in 2002 to 0.3%, then rose to 2.8% in 2003. Unemployment at one-third of the workforce remains the most critical economic problem. But even this issue is overshadowed by the fragile political situation.

**GDP/PPP** (2002 est.): $10.57 billion; per capita $5,100.

**Real growth** rate: 0.7%.

**Inflation**: 1.1%.

**Unemployment**: 37%.

**Arable land**: 24%.

**Agriculture**: rice, tobacco, wheat, corn, millet, cotton, sesame, mulberry leaves, citrus, vegetables; beef, pork, poultry, mutton.

**Labor force**: 1.1 million (2000 est.); agriculture n.a., industry n.a., services n.a. Industries: coal, metallic chromium, lead, zinc, ferronickel, textiles, wood products, tobacco, food processing, buses.

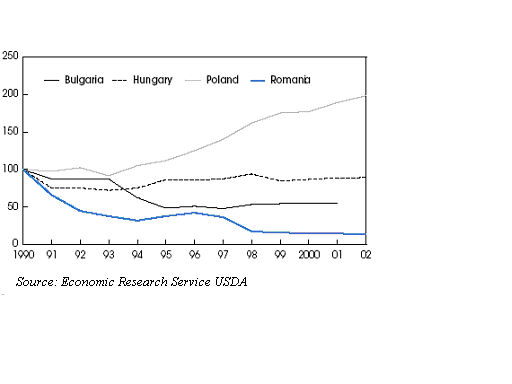
**Natural resources**: chromium, lead, zinc, manganese, tungsten, nickel, low-grade iron ore, asbestos, sulfur, timber, arable land.

**Exports**: $1.1 billion (f.o.b., 2002 est.): food, beverages, tobacco; miscellaneous manufactures, iron and steel.

**Imports**: $1.9 billion (f.o.b., 2002 est.): machinery and equipment, chemicals, fuels; food products.

**Major trading partners**: Germany, Italy, U.S., Croatia, Greece, Bulgaria, Slovenia, Turkey, Ukraine, Austria.

**Table 11: Poultry Output Rises in Poland, Holds Steady in Other CEE Countries**



**d2) LEGAL ENVIRONMENT:**

**Bulgaria:**

Bulgaria presents a stable and predictable macro economic enviroment. The macro economic policy, implemented since mid- 1997, embodies a currency board arrangement, a fiscal policy aimed as a broadly balanced goverment budget, and a further liberalizationof domestic prices and foreign trade**.** Bulgarian market offers the lowest cost center, and the highest market potential in Eastern Europe. Bulgaria inputs key manufacturing industries with well developed assets, skilled workers and highly qualified specialists. More information on Local copyright, Patent, and Intellectual Property Protection, Basic Bulgarian Business Law.

**Bulgarian legislative**

**The Farmer Support Act** (SG 58/22.05.1998, last amended SG 24/24.03.2000) is the key legal act providing for government, financial and information support to agricultural producers in Bulgaria. The act provides for farmer support by economic, structural, organisational measures as well as information and extension services and programmes aimed at improving farmers’ vocational training and qualifications R1260/99.

·        **The Regional Development Act** (SG 82/27.09.1996) provides for the planning, management and resource provision of the regional development process;

·        **The Land Lease Act** (SG No82/27.09.1996) as last amended (SG No35/16.04.1999) provides for better opportunities of land lease as a land market instrument, protection of the parties to a lease contract, simplification of contracting procedures, etc.

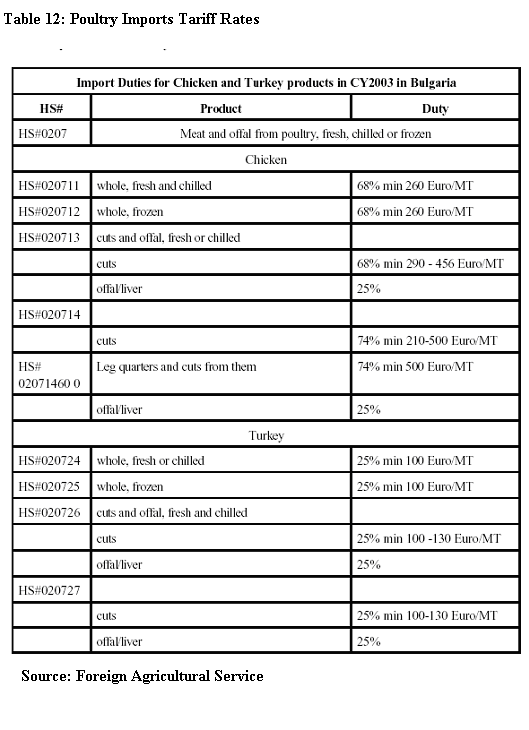
·        **The National Standardisation Act** provides for the drafting and approval of national standards, the participation of all parties concerned, the introduction of EU and other international standards.

·        **The Feeds Act** (SG No 82/17.09.1999) provides for the production and disposal of products and substances intended for animal feed, the functions and responsibilities of the regulatory bodies as well as the rights and responsibilities of those involved in the production, storage, import and export of feeds.

**a) IMPORT POLICIES**

**Tariffs**

Bulgaria’s trade policies are shaped primarily by its World Trade Organization (WTO) membership and by its status as a candidate for EU membership. Bulgaria has a preferential trade agreement with the EU (European Agreement) and free trade agreements with the European Free Trade Area (EFTA) countries, and with its Central European neighbors (CEFTA), Turkey, the Former Yugoslav Republic of Macedonia, Estonia, Israel, Lithuania and Latvia. Bulgaria has signed free trade agreements with Albania, Serbia and Montenegro, and Bosnia and Herzegovina. The free trade agreement with Albania entered into force on September 1, 2003. A free trade agreement with Moldova is under negotiation. In 2003, the average Most Favored Nation (MFN) bound rate was 28.2 percent, with a maximum rate of 200 percent. Under the common commercial policy, upon accession Bulgaria will be required to align its tariffs with those of the EU. For 2004, Bulgaria’s average applied import tariff is 11.6 percent (up from 11.3 percent in 2003); the average level for industrial goods is 8.7 percent (up from 8.6 percent in 2003); the average *ad valorem (a term used to denote a duty or charge laid upon goods, at a certain rate per cent upon their value, as stated in their invoice)* level for agricultural goods is 23.9 percent (up from 22.0 percent in 2003). The maximum *ad valorem* level for agricultural goods, which is applied on 0.4 percent of tariff lines, is 75 percent. Effective in 2002, Bulgaria eliminated all tariffs for industrial imports from the EU under its association agreement with the European Union, EFTA, Turkey, and Estonia. Industrial exports to Bulgaria from the rest of the world face tariffs ranging from zero to 26.8 percent. Bulgaria's agricultural trade regime is characterized by high MFN tariffs, particularly for red meat and poultry, and preferential agreements with the EU and CEFTA. Both aspects are barriers for U.S. exporters. *Ad valorem* duties and minimum customs charges of more than 100 percent provide importers with incentives for smuggling and fraud. The Bulgarian customs service also uses minimum import prices to calculate customs duties, particularly on poultry shipments. These prices are applied arbitrarily and appear inconsistent with Bulgaria’s WTO commitments. Bulgaria provides the EU with preferential tariff rates and zero-for-zero for numerous agricultural products. These preferences are hurting U.S. agricultural exporters who must face higher MFN rates. In particular, the high import tariffs favor Bulgaria’s inefficient domestic chicken and pig meat industries. Import tariffs on U.S. chicken are 68 percent, with frozen cut parts at 74 percent. In 2003, the Bulgarian government introduced separate rates for "conventional customs duties" and "autonomous customs duties" as required by the European Agreement and the List of Obligations and Waivers to the General Agreement on Tariffs and Trade of 1994. Bulgaria's Customs Tariff has been changed in order to bring the structure of applied customs duties into compliance with the categories.



Bulgaria presents some advantages about tariff rates for Turkey. These are following;

HS#0207 24 and 0207 25 - 100 MT total as HS#0207 24 is imported at 12.5% or minimum

50 Euro/MT and HS#0207 25 are imported at 12.5%.

**b) TRADE WITH TURKEY**

Bulgaria faced a choice of expanding its traditional commercial ties with Germany and Germany's partners in the EEC or cultivating new ties with closer markets such as Turkey. In 1991 Turkey offered to invest US$13 billion in Bulgaria's economy. An independent Union for Cooperation between Bulgaria and Turkey was founded to foster direct cooperation between enterprises of the two countries, and transportation links were solidified by ministerial agreements in 1991.

**Free trade agreements**

Estonia has entered into free trade agreements with all candidate countries of Central and East Europe (except Romania), EFTA countries (Norway, Switzerland, Iceland, Liechtenstein), the Faeroe Islands, Turkey, the Ukraine, Latvia and Lithuania. Several agreements were made years ago, and clauses regulating agricultural trade have been amended in many agreements in view of the development and potential of trade relations

**d3) SOCIAL AND POLITICAL ENVIRONMENT**

Turkey has very good relationship with some of these countries like Azerbaijan and Macedonia, becuase the social and cultural environments of these countries are similar to Turkey’s. Also these nation are the major partners in economy. China’s system operates within a political framework of strict Communist control, the economic influence of non-state organizations and individual citizens has been steadily increasing. The authorities switched to a system of household and village responsibility in agriculture in place of the old collectivization, increased the authority of local officials and plant managers. The Bulgarian government actively pursues membership in Western institutions including NATO and the European Union (EU). The UDF maintains close contacts and an active dialogue with NATO and the EU on all relevant political, financial, military and other issues related to future full membership. In many ways the Bulgarian Government has attempted to cooperate as though it were already a full NATO member, as witnessed during the Kosovo Crisis. The government hopes that active engagement to fulfill the membership criteria will encourage foreign investment and promote greater confidence in Bulgaria's political and economic institutions.

The constitution provides for the separation of powers amongst the executive, judicial and legislative branches and a system of checks and balances. The president is the head of state. The presidency is empowered to conclude international treaties and to schedule parliamentary (or National Assembly) elections. The president is also the commander-in-chief of the armed forces. The National Assembly is a unicameral legislative body that consists of 240 members who are elected for a term of four years. The Bulgarian social environment start reforms in key labor market institutions to ensure employment flexibility and job creation; support improvements in the social insurance system; further modernize education and health to achieve better quality, access and efficiency; and, assist central and local government better provision of social assistance benefits to those who need it most, social services for marginalized people, and for developing alternative welfare services for children

1. ***COMPETITIVE ENVIRONMENT:***

The Banvit that hired our consulting firm will enter the poultry sector in Bulgaria as a new firm. As we looked the competitive environment in two levels. The first one is the international market that the foreign countries that Turkey have to compete and then the Bulgarian market that the Turkish and foriegn companies compete.

**a) POULTRY EXPORT IN THE WORLD**

Japan, Germany, England, Russia, Hong-Kong, and China are the biggest importers. These countries are made the half of the importing in poultry industry. The biggest partners of poultry exports are, %20 U.S., %38.12 EU countries, %12.6Brazil, %8.6 China, %8.4 Tailand, and %4.2 Hong-Kong.

**Table 13:World Poultry Export Statistics (1000$)**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Countries** | **1998** | **1999** | **2000** | **2001** |
| **World** | **6 758 521** | **9,660,631** | **9,831,488** | **11421851** |
| **Canada** | **49 683** | **63,227** | **79,515** | **106943** |
| **U.S.** | **1 739 625** | **1,768,891** | **1,960,970** | **2282547** |
| **Brazil** | **738 925** | **939,354** | **904,18** | **1439470** |
| **China** | **484 795** | **726,829** | **887,492** | **980580** |
| **Hong Kong** | **443786** | **536,428** | **550,733** | **483409** |
| **Tailand** | **300 000** | **693,382** | **753,508** | **955443** |
| **France** | **799533** | **1,448,602** | **1,353,847** | **1291247** |
| **Hungary** | **117 361** | **255,57** | **243,747** | **299826** |
| **Holland** | **724 140** | **1,165,996** | **975,258** | **1110211** |
| **Denmark** | **181 920** | **216,358** | **194,418** | **234415** |
| **Bel.-Lüx. /2000 Belçika** | **352 416** | **423,51** | **465,552** | **522288** |
| **England** | **149 115** | **328,318** | **267,259** | **302461** |
| **Germany** | **152 574** | **282,58** | **312,524** | **334699** |
| **Italy** | **58 073** | **182,492** | **133,799** | **217903** |
| **Ireland** | **120,587** | **144,514** | **207,888** | **174886** |

*Source:www.fao.org*  
**b)** **POULTRY IMPORT IN THE WORLD**

Middle East Countries, Russia, and Türki Cumhuriyetler are import the 1/3 of the poultry products in the world.

**Table 14: World Poultry Import Statistics (1000$)**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **1998** | **1999** | **2000** | **2001** |
| **World** | **6 257 456** | **9,184,608** | **9,289,986** | **10456100** |
| **South Africa** | **36 722** | **41,619** | **42,853** | **33927** |
| **Mexico** | **102 098** | **221,57** | **284,86** | **329458** |
| **Arjantin** | **69 386** | **57,147** | **45,463** | **29024** |
| **China** | **118,022** | **440,014** | **507,031** | **461243** |
| **Hong Kong** | **678 486** | **881,189** | **822,487** | **762978** |
| **Japan** | **905 710** | **1,394,111** | **1,399,770** | **1475364** |
| **S. Arabia** | **313 001** | **405,18** | **337,685** | **400816** |
| **Singapur** | **88 387** | **133,027** | **121,368** | **114077** |
| **U.A.E.** | **138 000** | **110** | **92,9** | **83000** |
| **Bel.-Lüx. / 2000 Belgium** | **123 424** | **253,435** | **235,719** | **265797** |
| **France** | **207 048** | **273,232** | **268,065** | **301552** |
| **Germany** | **608 361** | **1,025,902** | **994,005** | **1227202** |
| **Italy** | **21664** | **62,499** | **152,638** | **108932** |
| **Holland** | **189 285** | **385,798** | **302,253** | **402450** |
| **Russia Fed.** | **575,99** | **153,805** | **371,084** | **763333** |
| **Spain** | **83 753** | **149,934** | **138,548** | **179412** |
| **Switzerland** | **64 493** | **118,354** | **109,272** | **126553** |
| **England** | **729 903** | **1,158,719** | **1,080,327** | **1124919** |
| **Austria** | **126,279** | **126,322** | **108,412** | **142493** |
| **Ireland** | **91,783** | **135,302** | **131,768** | **161262** |
| **Kuwait** | **82,17** | **77,557** | **58,9** | **72245** |
| **South Korea** | **31,601** | **60,788** | **80,063** | **111548** |

*Source: www.fao.org*

**c) TURKISH COMPETITORS IN BULGARIA**

There are some firms that already exist in the poultry industry of Bulgaria.

* **DOGAN TAVUK EVI**
* **YASAR DIS TIC.A.S**
* **BASARAN TAVUKCULUK VE GIDA SAN TIC.LTD.STI**.

***4) SWOT ANALYSIS OF BULGARIA****:*

1. ***STRENGTHS:***

Agriculture is the main source of income for 25.6% of the employed in Bulgaria. **Agriculture is an important sector of the economy with its 14% share of GDP. The overall macroeconomic stabilization has created favorable environment for completing the transaction and the restructuring of most of the subsectors.** Agriculture still provides a large proportion of the jobs in the country and has a very great social and economic importance in Bulgaria. The strenghts of the Bulgarian Agriculture which is also related with the poultry industry are;

* good climate, soils and topography for many agricultural production;
* presence of in-depth studies on climatic and soil condition;
* long tradition of farming and wealth of experience;
* interesting but underdeveloped local varieties for grapes and fruits;
* good animal genetic potential for increasing production;
* many signs of improvement after the decline following Transition;
* relatively cheap labour.

Besides these strengths, the client-firm should be a strong firm which has a strong brand image in Turkey market. This brand image should also be associated wtih core values; honesty, modesty, self confidence and concern for thier employees and the enviroment, and also with freshness, trust, and safety which will create a strong consumer pull for its products from the retailers. The other strength of the client-firm should be complemeting this brand image which is consistent with the company production processes which are chicken, turkey and process food production. The production capacity of it should competitive that of any of the local or Bulgarian competitors, which makes it possible for the client-firm to influence the pricing strategies in the market, and strong effect to the market.

1. ***WEAKNESSES:***

* lack of investment capital
* not well organized and structured credit system, unfavourable rates, and lack of concrete guarantees for credit;
* iadequate structure of land holdings; (most part of the farms are very small, produce for home consumption, with high percentage of aged farmers; great part of owners who are not professionals, etc);
* inadequate living and working conditions for most of the farmers;
* low efficiency and inadequate yields and prices that generate low incomes;
* old and inadequate animal houses;
* poor hygiene and sanitation;
* shortage of raw materials and insufficient quality of raw materials;
* lack of vertical integration: production-processing; (technology)
* poor sector information for the sector operators;
* lack of transfer of scientific knowledge and lack of application of acquired experience;
* lack of training facilities and advisory extension;
* lack of quality management;
* lack of marketing know-how;
* producers as a group have insufficient representation;
* old and inadequate machinery and equipment;

1. ***OPPORTUNITIES:***

* The growing foodservice sector in Eastern Europe is showing an increasing demand for better quality beef cuts.
* The proposed EU enlargement will have an effect on U.S. exports to Europe
* Bulgaria does not have any commercial turkey production and turkey meat imports will not affect any local producers. Additional arguments were made regarding the high quality as well as high demand for this meat as a substitute for beef. Trade preferences for turkey imports do not exist under WTO quotas/duties.
* Bulgaria has a preferential trade agreement with the EU (European Agreement) and free trade agreements with the European Free Trade Area (EFTA) countries, and with its Central European neighbors (CEFTA), **Turkey**, the Former Yugoslav Republic of Macedonia, Estonia, Israel, Lithuania and Latvia
* Bulgaria’s livestock industry faced feed shortages in CY00/01, which led to reduction in animal numbers and meat and poultry shortages.
* Eastern European markets in the fast-growing restaurant sectors and for variety meats and trimmings for the processing sectors.

1. ***THREATS:***

The poultry company Banvit which is entering into a foreign market for the first time faces with some obstacles. Like, trade barriers, distribution channels problems, agreements. Also the main factor is the competitiors. Also the distribution cahnnels that is established by the competitive foreign and local firms are threats. Brand loyalty is another factor that is effects the strategies. Promotion, marketing communication and the pricing strategy would be costly for the firm. Product mix and adaptation are the other factors that is the firm faces. The economic conditions of Bulgaria also the high level of poverty and unemployement is a serious factor. Also for the poultry industry, domestic and international disease are the important factors that is shape the production, import and export statistics. In addition to these threats, brand image of the firm collapse and sales of the firm decline and competitiors gain the markets share more in the foreign market because it is hard to identify all the steps of action in the market. CEFTA which is an trade agreement between Czech Republic, Hungary, Poland, Slovakia, Slovenia, Romania, and Bulgaria.

***5)******THE MARKETING STRATEGY:***

The most clearly outlined trend in the food market over the past three years is introduction and marketing of new food brands. Consumers are developing brand loyalty and are looking for brands as a guarantee of good quality. Local food companies are also trying to promote local brands in foreign markets. For example, the BBB brand of natural juices and the Devin brand mineral water have moved to the U.S. market. Strong brand identity has emerged with alcohol, meat and dairy markets. Local consumption and demand for poultry meat has increased by 21 percent in 2003 vs. 2002. As a result, poultry imports registered growth of 28 percent to total 10,000 MT in 2002. In high demand are chicken leg quarters and turkey quarters and drumsticks. Turkey is used mainly for processing, 80 percent, and for direct consumption, 20 percent.

. **a) Market Structure of Bulgarıa**

The usual marketing chain for Turkey product is

1/ Turkish exporter

2/ Bulgarian importer, distributor

3/ Bulgarian distributor/wholesaler

4/ Local retailer

**Major import product categories in 2002 were**:

-sugar and confectionary products, $72 million;

-meat and meat products (poultry, beef and pork), $50 million;

-animal fat and vegetable oils, $45 million;

-fresh fruits and vegetables, $43 million.

**b) TRENDS IN BULGARIA FOOD SECTOR**

The key factor driving branded food labels in Bulgaria has been the development of more mature retail and HRI sectors. Bulgarian consumers started to change their eating habits by choosing more wholesome and "environmentally clean" foods. Another trend in local food habits is increasing demand for "convenience" foods; easy to prepare foods, semi-ready or semi-prepared foods, etc. A number of companies have started to produce frozen pizzas, frozen ready dinners, frozen dough, a variety of semi-prepared chicken and meat products. This is especially visible with poultry and meat products which currently are offered individually packaged or family portioned, pre-seasoned with spices, ready for BBQ; sliced and portioned sausages and salami. Development in the food industry over the next three years will be determined mainly by the changes in eating habits of the urban population. These are consumers of "active age" who have the highest disposable income. These consumers prefer "convenience" foods; do not make home-prepared foods; and buy wholesome products and frozen products. Local consumption and demand for poultry meat has increased by 21 percent in 2003 vs. 2002. As a result, poultry imports registered growth of 28 percent to total 10,000 MT in 2002. In high demand are chicken leg quarters and turkey quarters and drumsticks.

**c) Enter Strategy on the Bulgarıan Market**

The best approach for a foreign company to enter the local market is to engage a local representative who has direct contacts with potential clients and can be responsible for overall business management. The representative or country manager should be well aware of local business practices, legislative and regulatory environment and be conversant with changing regulations and laws. Due to "grey" sector or illegal trade, it is recommended that foreign companies conduct due diligence and undertake careful and detailed research on their future local representative.

**d) 4 P’s in the BULGARIAN MARKET**

***1) PRODUCT:***

These is a significant increase in consumption of frozen foods such as fruits, vegetables and semi-prepared meals. According to a survey done in 2003, 30 percent of households regularly use and buy frozen food vs. 10 percent in 1999. Banvit has more special products for this market. We can seperate these products into two groups. Chicken and turkey frozen foods. Chicken products are include whole chicken products, leg products, breast products, breaded products and special products. Turkey products are include as the same as chicken but there is convinience products which are turkey burgers, turkey gyro kebab and, turkey meat balls. And also Banvit produce charcuterie and products for chicken.

There are some ways to push customers’ demand with strong advertising campaign which is published in newspaper, tvs, magazines and billboards to gain brand equity for the products of Banvit. Also Banvit have chance to make a advertisement campaign with Bulgarian celebirities for the local consumption. Another important issue that the product packaging is important that identify and analyze the VIEW test. Visibility, information, emotional impcat, and workability must have by the package of the product.

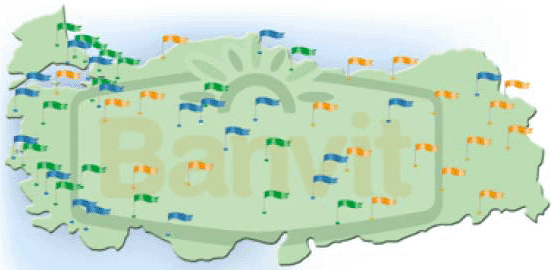
***2) PRICE:***

Price is an powerful tool and immediate effort on a firm’s sales and profitability. In order to understand the export price, the reserach focus on; costs, market conditions and customer behaviour. Legal and political issues, and general company policies. Bulgarian market is a new growing market that there is a pure competition. Banvit launched a export pricing strategy that affect the sales and market share. First , the penetration pricing strategy for the products to in order to create a mass market. Also the experince-curve pricing is an another useful strategy that the decline in the costs is attributed to changes in production efficiency. Prices are set below unit costs so as to gain a price advantage over compeititors. The foriegn firm has to be careful for the determining the research focus. Another pricing strategy is differential pricing strategy that if the market conditions, and other environmental factors vary from one market to another. Also bundle pricing an discounts are heplful for the marketing startegy**.** Bulgarian broilers and poultry average price for whole chicken is 3,22 BGN/kg. 1 BGN ≈ 1.000.000 TRL. So the Banvit export price must be maximum 2.900.000 TRL because of the 12,5 % tariff rates for whole chicken.

***3) PLACE:***

***In Turkey:***

**Picture 1: Banvit Retail Places**



*Source: Banvit*

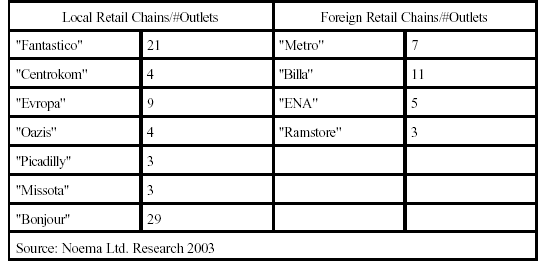
**Branch Offices**: Adana, Ankara, Antalya, Balıkesir, Bursa, Denizli, Gaziantep, İzmir, İzmit, Kadiköy, Kayseri, Mahmutbey, Muğla, Samsun, Seyrantepe, Söke, Topkapı and Trakya.

**Main Distributors**: Afyon, Ağrı, Bandırma, Batman, Cizre, Diyarbakır, Erzurum, Eskişehir, Isparta, Iğdır, Konya, Malatya, Ordu, Sivas, Şanlıurfa, Tatvan, Tavşanlı, Trabzon, Van and Zonguldak.

**Secondary Distributors**: Adalar, Alanya, Antalya, Avcılar, Ayvacık, Dalaman, Edremit, Fethiye, Gölbaşı, İnegöl, K.Maraş, Kaş, Kırşehir, Polatlı, Menderes, Muğla, Ödemiş, Sinop and Yozgat.

**In Bulgaria:**

**Table 15: Retail Places in Bulgaria**



Most supermarkets and hypermarkets enjoy steady growth and good development. In 2000,

hypermarkets had less than 10 percent of total sales from food. But in late 2002, this market

share grew to 24 percent. In larger cities, this market share reaches almost 35 percent. At the

same time, smaller groceries, mom and pop shops, street kiosks, etc. are purchasing their own

retail stocks predominantly from hypermarkets like "Metro" products which are market leaders or bestsellers with good prospects are exported to the retail stores of the same chains in other countries. Bulgaria still does not have a well developed nationwide distribution network for food products. The lack of such developed distribution companies have forced many food producers/processors to purchase their own transportation vehicles and to develop their own distribution systems. Frozen foods, distribution companies simply do not exist. This is related mainly to the poorly developed cold chain and lack of refrigerated truck. Thus, this does not allow for efficient distribution of frozen foods. Banvit should establish its own value chain for the distribution or the firm should contract with the domestic channels, warehouses, builders merchants, distributors, independents, and etc.

***4) PROMOTION*:**

Export marketing promotions takes various forms, for the Bulgarian market; advertising and publicity is the first step of Banvit in Bulgarian market. Symbols are important factors that shape with The Bulgarian culture. Sales catalogs which is create interest and attract leadership, mirror the personality of manufacturer or exporter, carry the reputation of manufacturer or exporter into the world markets, make buying easy, create desire for ownership and supply all the facts that a salesperson would represent in person. Trade fairs and exhibitions are the important tool for promotion. Also sample is another powerful promotion factor that is usually done in supermarkets and large grocery stores. In today world, everything goes to online, a new meaning born, e- commerce , so that online adverstising is useful promotional method that shoul be use by Banvit.

**6) CONCLUSION**

Turkey is 18th in the of poultry industry in the world. Turkey has some crises in this industry in several years. Companies have to export their products to get over the crises. Banvit is the one of the biggest company in poultry industry in Turkey so they have to export their products to other countries to get over the crises. We investigate countries which are potential importing poultry products in some regions.

After selecting the consumer item, the import-export data for each potential foreign country market from Turkey were analyzed and the aspects of the environments in these markets are decribed economically, legally, politically, and socially. Considering these analysis, it was decided to export the poultry products to Bulgaria market.

The competitive firms that are presently in this market were identified after selecting the foreign market. Then a SWOT analysis of the poultry market of Bulgaria was conducted and the strengths, weaknesses, opportunities and threats in the market were identified.

Finally, the four Ps of the marketing mix were analyzed and a marketing strategy was formulated for the Banvit which will enter the poultry market of Bulgaria. This marketing strategy generally includes production of poultry of good quality with a lower cost than the existing firms, responsing quickly to the dealer’s demand and preferences, satisfying the consumers’ needs and preferences, % responsing to competitive actions, and design-to-introduction time or new promotional tool. So it can possibly said that the Banvit can be successful soon in the market if it uses the marketing strategy that our consulting firm determined.

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