

# **International Marketing Plan**

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## **Part A: Executive Summary**

Fuji Electric is a Japanese vending machine company known for energy efficiency and innovation. Their vending machines offer multi-temperature zones, touchscreens, environmentally friendly operations, and cashless payment. The United States vending machine industry is dominated by major competition in the beverage market. This presents Fuji Electric with an opportunity to enter the US market due to its unique vending machines that offer ready-to-eat foods while emphasizing sustainability. Fuji represents a unique product selection and is expecting technological advancements which makes them stand out in the vending machine market.

In the marketing plan for Fuji Electric vending machines, macro-segmentation led to the choosing the United States based on GDP, populations, and income on average. Micro-segmentation targeted individuals in the working class aging 18-35 years old. The market entry chosen is a licensing agreement which leverages the advantages of reduced market research needs and strong product support. The United States were analyzed based on economic factors like GDP growth, political factors, and demographic factors of the consumers. They have competition mainly composed of traditional vending machines and convenience/general stores, but Fuji's 24/7 availability makes them more competitive.

Fuji Electric has strengths that include their machines versatility, 24/7 accessibility, and extensive product selection. Their weaknesses include strong competition in the United States and having limited geographic exposure. They have opportunities that include the vending machine industry global growth, having existing company presence in the US, and an increase in the American market. Fuji Electric is faced by threats that include economic uncertainties, cultural differences, and supply chain disruptions.

Developing a marketing mix is crucial for Fuji Electric. Product emphasis is concerned with the variability and versatility of products, user experience, and environmental benefits. Pricing regarding market penetration is adopted. This is through differentiating pricing for B2B and promotional activities. Promotion identifies online and offline techniques, leveraging social media, SEO, and partnerships. Product distribution focuses on locations with higher traffic and partnerships with transportation services, shopping centers, corporate buildings, and educational campuses. We decided to implement a budget based off the percent of sales method. The vending machines will be placed in many locations, so marketing is not a crucial part of this business. We will implement \$3 million worth of marketing strategies into the company.

We developed objectives for Fuji Electric which include market entry, positive and growing profits within 24 months, and becoming a top vending machine company in the U.S. within 5-7.5 years. Our strategies involve monitoring sales, strategic expansion, and continuous growth.

## **Part B: Product, market, and competitive analysis**

### **1. Product Description and Characteristics**

**Attributes:** Fuji Electric's vending machines are known for their innovative technology, energy efficiency and broad product distribution capabilities. From beverages to meals to groceries, these machines fulfill a wide range of needs.

**Features:**

- **Multi-temperature zones:** allows storage of different products at different temperatures within the same machine.
- **Interactive Touch Screen:** Provides a more engaging shopping experience for the user.

- Eco-friendly operation: Energy saving mode and recyclable materials.
- Cashless payment system: Integrates NFC and other cashless payment methods popular in Japan such as Suica or Pasma.
- Security features: Anti-theft system, seismic detection for earthquake-prone areas, etc.
- Available sizes: These machines are available in a wide range of sizes, from compact units that fit in the corner of a small store or office to larger machines that can hold more products.

## **2. Market and Competitive Analysis**

The United States is one of the largest vending machine markets in the world. It is estimated that there are more than 700,000 vending machines in the United States with annual sales of more than \$2 billion. This indicates that vending machines have become part of the daily life of American consumers. The vending machine market in the US has been dominated by giants like Coca-Cola, PepsiCo and Keurig Dr Pepper, but they are mainly focused on the beverage segment. Moreover, with the rising trend of unmanned retail and instant consumption, the market is witnessing a growing demand for versatile vending machines. Nonetheless, most of the machines in the market are of the traditional type, selling mainly drinks and snacks.

As technology evolves, the modern vending machine is more than just a simple sales device. Interactive touchscreens, mobile payments and artificial intelligence technologies are transforming the industry. Consumers are increasingly concerned about health and diet, which creates a huge opportunity for vending machines selling healthy food and beverages. After the COVID-19 pandemic, the demand for touchless shopping and unmanned retail has increased. Although companies such as Coca-Cola, PepsiCo and Keurig Dr Pepper dominate the vending

market, their machines are focused on specific segments such as beverages. This presents an opportunity for Fuji Electric as its machines do more than just sell drinks. Because of this, Fuji Electric's vending machines are different in that they can accommodate a wide range of items such as ready-to-eat foods and fresh foods in addition to traditional beverages. Sustainability is emphasized in both design and operation, helping to reduce the carbon footprint. Interactive touchscreens provide users with a personalized shopping experience.

The U.S. vending market, while mature, is dominated by large companies such as Coca-Cola, PepsiCo, and Keurig Dr Pepper and is primarily focused on the beverage segment. As consumers continue to pursue technological innovations, healthy choices, and environmental trends, the market is showing a clear demand for multifunctional, high-tech, and environmentally friendly vending machines. Fuji Electric's vending machines fulfill these needs. Its machines do not just sell beverages but also offer a wide selection of goods, such as ready-to-eat and fresh food. Technological advancements, such as interactive touchscreens and multiple payment options, also give it a distinct advantage over its competitors. Most importantly, its emphasis on environmental protection and sustainability will make it more popular among consumers who care about these issues. In summary, Fuji Electric's vending machines have tremendous opportunity and potential in the U.S. market. Its unique strengths and features set it apart in the market in the face of its major competitors.

### **Part C: Country Selection and Target Market/Customer**

A vital part of implementing a new product into a new market is understanding both the country that you are entering, and the customers in that country. In order to properly reach that

market, there are multiple different cultural factors that must be considered before determining if it is even feasible to enter that market. Before a company is even able to decide what market they want to enter and in which country, they must look at several different micro and macro segmentation factors that must be reviewed in order to make this decision.

**Macro-segmentation Stage:** Considering the full size of the world and the countless number of options available to implement a new product, deciding which country you want to implement that product is vital to the entire process. This is where the term macro-segmentation comes into effect in this process. Macro-segmentation more specifically focuses on determining which country you want to implement your product in. While our group was making this decision, there were several different determinants that we considered in order to effectively choose the correct country. In order to narrow down the country, we classified the different prospective countries into different groups based on multiple factors including GDP, overall population of country, and lastly, average per capita income per individual.

Based on these factors, we determined that the United States of America was the perfect country to introduce Fuji Electric's Japanese style vending machines. Obviously, America has among the highest GDPs of all countries in the world, so that was a natural fit and something that we were looking for when determining the marketing strategy for our product. Additionally, the average income in America is sufficient enough to allow a majority of the population to be able to afford the products in our vending machines. Lastly, the total population was also extremely important to us in determining the correct country to implement this product in. Based on America's current population, we decided that it was large enough to justify introducing our vending machines into the country.

**Micro-segmentation stage:** Once we were able to determine what country we wanted to introduce our Japanese style vending machines into, the next step involved determining which target market was best in that country. Typically, vending machines are used by people who are on the go and need an efficient, cost-effective way to eat. Based on those characteristics, we decided that it was best to target this product to working individuals who do not have time to have a full sit-down meal and need something “on the go.” Obviously, this can be perceived as a very large range of individuals throughout the country. Because of that, we decided that it was best to define our micro-segmentation target market as employees between the ages of 18-35 because typically, these are the individuals with the most on their plate on a daily basis who consistently need a quick, easy, and cheap meal.

**Method of Market Entry:** After we were able to determine which specific type of market we wanted to introduce our Japanese-style vending machines into, the next step consisted of determining which method of market entry we wanted to utilize. There are six different market entry methods, which include, exporting, turnkey contracts, licensing, franchising, joint venture, and lastly, wholly owned subsidiaries. Once we completed research on all six of them, we were able to determine that our best option was a licensing agreement.

A licensing agreement is defined as “offering a firm's know-how or other intangible asset to a foreign company.” Two of the key advantages of a licensing agreement are that the need for market research is significantly reduced because you are working with a company that is already familiar with the market, and also, the licensee may support the product strongly in the new market. These are two very strong advantages that we were looking for in determining which market entry method was best for us. We chose this method because we feel that there is not

much available research available or understanding of what customers are looking for in a vending machine, so working with a company that already has familiarity and an understanding of this was definitely a bonus to us. Additionally, we wanted an entry method that emphasized the ability to have someone “hands-on” and actually be in our new market in case there are any issues that need to be urgently addressed. Since this is one of the main advantages of a licensing agreement, it was once again a great entry method for our Japanese-style vending machines entering the American market.

**Consumer Product characteristics:** These vending machines can be identified as a consumer product, rather than a business product. Because of that, there are multiple questions that need to be answered with regards to what type of customer we are targeting with this product.

1. For these Japanese-style vending machines, there is a very common trend among the customers that we are looking to target. The vending machines we are selling are infamous for having an extremely large variety of options and products made available to the customer. Based on that and the typical use of a vending machine, the customers that we are targeting are typically individuals on the go who want a quick bite to eat or a snack, but also place an emphasis on receiving a high-quality meal/drink with a lot of options made available to them. Therefore, this product is perfect for those customers that are working or in school and need the convenience of a vending machine to satisfy their hunger without having to sacrifice any time needed to complete their tasks throughout their busy day.



2. With such a large customer market that uses vending machines, narrowing down specific descriptive characteristics can be challenging, but is possible considering the uniqueness of the Japanese-style vending machines. Based on the consumer trends mentioned in the first question, we are looking to target this product towards younger individuals around 18-35 who are currently either in school or work and are looking for a cost-effective, efficient way to get a quick meal or snack. Additionally, we want to market these vending machines to those living in urban areas because a denser population is very important to the overall sales generated from these vending machines. Lastly, we are looking to target these vending machines towards those working in larger commercial real estate properties because they typically fit our characteristics mentioned above.
3. This product is usually purchased in a manner of convenience to the customer, meaning that customers do not have a specific typical spending pattern for this, but they do it when most convenient. However, that does not mean that there are not trends visible. Consumers may often use these vending-machines when they are at work or school, so that can be defined as a typical spending habit for the customers using these vending machines.

#### **Part D: Environmental Analysis, Industry Analysis, and Competitive Review**

**Economic Analysis:** Marketing and introducing the Japan-based, vending machines in the United States will be one of the best choices for Fuji electric. In terms of Real GDP Growth between the countries of the U.S., Germany, France, Canada, Japan, UK, and Italy, the U.S. Real GDP rate not only returned to the pre-pandemic path at a much more efficient rate than the other countries, but it also began to grow at a faster rate causing the U.S. Real GDP to be greater than

Germany, France, Canada, Japan, UK, and Italy. In Q3 of 2023, the Real GDP increased at an annual rate of 4.9%, which was an increase to the 2.1% the GDP saw in Q2. The rise in GDP suggests that consumer spending, imports, along with inventory investing began to increase which correlated to the increase in Real GDP. Therefore, when looking at the economic status of the U.S., the introduction of Fuji Electric vending machines looks very appealing and should be seen as a very attractive opportunity to expand the company's market into the U.S. market.

**Political Analysis:** The current political environment in the U.S. may not be the most favorable for Fuji Electric. Currently, the U.S. is pushing for the creation of more jobs and creating more products domestically to help boost the economy, but on the other hand, the price of imports in just the month of September alone decreased by 1.3%. The 1.3% decrease in cost of imports into the U.S. was the steepest fall the import price had seen since the price of imports fell 1.5% in August of 2022. A second positive for Fuji Electric's comes from the November 2022 agreement between the U.S. and Japan, which reduced or eliminated 241 tariffs that had originally been set in place by the U.S.

**Demographic status:** Looking at U.S. consumers on a vending machine level is very appealing for Fuji Electric. In the U.S. alone, there are millions of vending machines, which suggests that many U.S. consumers rely on them for quick snacks or drinks. This is where Fuji Electric trumps the competition, with their unique and creative products that aren't seen in U.S. vending machines, offering a cheap and efficient alternative for a consumer on the go. Vending machines staying open 24/7 also allows for an advantage with vending machines, whereas most

convenience stores aren't operating 24/7, leaving opportunities for Fuji Electric vending machines to gain revenue at late hours of the night and the early hours of the morning.

**Competitors:** The main competitors that Fuji Electric will be competing with is primarily other vending machines, and on a secondary level, convenience stores and some small grocery stores. When it comes to other vending machines, Fuji Electric vending machines offering unique products allows them to open a brand-new market to the vending machine market within the U.S. and keeping the machines open 24/7 allows the vending machines to gain an advantage over small stores during non-operational hours for the stores.

**Similar Products:** The Fuji Electric vending machines offer an array of products which include plastic bottled drinks, small products such as candies, rectangular cartons of goods, products that come in bags such as bread, snacks etc., cans and bottles, along with larger products that are classified as daily necessities, toys, etc. Concluding from their vast product selection, other vending machines that exist in the U.S. aren't too similar unless a consumer is looking for snacks or drinks. The unique products offered by Fuji Electric allows them to push away from any direct competition as they offer products through means which haven't been introduced to the U.S. market yet. According to statistics from research conducted by Grand View Research, the U.S. vending machine market was valued at \$15.21 billion in 2022 and is predicted to have a compounded annual growth rate of 3.1% from 2023-2030.

**Sales:** In the U.S., the revenue of vending machines was \$15.21 billion in 2022, which was an increase from 2020 due to the post-pandemic effects and people transforming their lifestyles to

getting back outside, going back into work, and having a much larger need for on-the-go food items that are offered by vending machines. In 2020, the revenue was \$8.5 billion and in 2021 the market once again increased with a total revenue of \$12.2 billion.

#### **Part E. SWOT Analysis:**

**Strengths:** The Japan-based, multipurpose Fuji Electric vending machine benefits consumers by having an expansive selection of products available at any hour. The vending machine can be placed in various places to increase sales. Consumers will have 24/7 access to the products sold in the Fuji Electric vending machine. This vending machine dispenses 42 kinds of canned goods and 4 packaged goods. This includes plastic bottles, small products, rectangular cartons, food items in bags, thin consumable products, and larger daily necessities. There are three selectable storage temperature modes: strong refrigeration, weak refrigeration, and no refrigeration. The vending machine is equipped with a built-in heater for the front glass to keep it from fogging. Fuji Electric's vending machine offers household goods amongst the food and beverage goods, making it stand out from typical vending machines.

**Weaknesses:** The vending machine industry in America is prominent, making competition a weakness for Fuji Electric. America has over 700,000 vending machines installed which is the highest number in the world. America also has the highest revenue share of the global retail vending market, 30.7%. Fuji Electric faces some limitation geographically. Currently, their multipurpose vending machines are only available in Hong Kong, Singapore, Malaysia, Thailand, and Indonesia. This selection limits their geographic exposure. Fuji Electric may have limited knowledge of the American consumer preferences. Differences in regulations and

compliance standards between Japan and America may create challenges for Fuji Electric in adapting their machines to meet local requirements.

**Opportunities:** In 2022, the vending machine industry was globally valued at \$18.3 billion and is projected to reach \$37.2 in 2032. This indicates a 7.5% growth rate for the industry. Vending machines are a fully mechanical object and are multi-purpose. They have opportunities to be placed in an extensive amount of locations. The vending machine industry has also had an increase in demand. This opens opportunities for Fuji to improve and expand their vending machine product line, as the market trends are continuously increasing upwards. Fuji Electric also has a Fuji Electric Corp. of America branch, allowing them to have easier access to the American industry. Fuji offers other products in America but does not sell their vending machines. The vending machine market in America forecasts \$60 billion in 2023 and up to \$143 in 2033.

**Threats:** One reason vending machines are so popular in Japan is the price of land. Japan's land is more expensive to buy than in America, so business owners pursue the vending machine industry rather than creating or opening service-based restaurants and shops. Economic conditions are also a threat for vending machines entering the American market. Economic uncertainties can impact consumers and affect the demand for vending machine products. Not adapting to cultural differences in purchasing behavior can be a significant threat to Fuji Electric's success in the American market. Additionally, supply chain disruptions can affect the availability and cost of vending machine components.

## **Part F. Objectives and Strategies**

1. Enter America's market by implementing one type of Japan's Fuji Electric vending machines in America. Allocate a certain number of vending machines across the country and monitor their sales throughout one year. If after one-year sales are continuously increasing, increase the number of vending machines. To achieve this, we will be utilizing a strategy based on trial and error. This strategy will involve testing different markets and seeing their reaction to the product, and then developing our marketing plan and entry method based on that groups reactions to the product.
2. Within 24 months, Fuji Electric's vending machines will continuously produce positive profits that continually grow at the exponential rate until the end of the 24 months, where Fuji Electric will then further expand themselves into the U.S. market. To achieve this, we will be utilizing a strategy that is based on eliminating waste throughout the entire supply chain in an attempt to reduce overall expenses. By reducing expenses, producing positive profits will be more feasible because the cost of goods sold will significantly decrease in the American market. Once waste has been eliminated throughout the supply chain, continuous positive profit growth will not only be feasible, but expected for our vending machines.
3. In the next 5 years, Fuji Electric's Japanese-style vending machines will be a top 3 vending machine company in terms of both total sales and number of machines throughout all of America. If this is achieved after 5 years, then the goal is to become the number one vending machine company in America in terms of sales and number of machines after 7.5 years. This objective of ours can primarily be achieved through really understanding the overall market and getting to know what the customers are looking for in this product. Primarily, we will read and react to this market by creating focus groups

that will allow us to adjust our marketing strategy and plan accordingly. Once customer needs and requests have been satisfied, we expect to see continuous exponential growth and eventually become a top 3 vending machine firm in the United States after 5 years, and then the number one company after 7.5 years.

## **Part G. Marketing Mix**

**Product:** We will emphasize the versatility and user experience of our vending machines. In the U.S. market, we will promote the smart features of vending machines, such as multi-temperature controls and interactive touchscreens, as well as their environmental benefits, such as energy savings. In addition, we will highlight cashless payment options, including mobile payments and credit cards, to meet the needs of younger, tech-driven consumers. We will also develop an easy-to-use mobile app that allows consumers to quickly find the nearest vending machine, reserve merchandise, and even pay for it before they arrive.

**Price:** We will adopt a market penetration pricing strategy, pricing slightly below our key competitors to attract initial users and quickly build market share. At the same time, we will offer a differentiated pricing structure, with discounts for high-volume B2B customers, as well as promotional codes and rewards programs for high-frequency consumers.

**Promotion:** We will combine online and offline promotional strategies. Online, we will increase brand awareness and product recognition through educational content and interactive campaigns through social media marketing, search engine optimization (SEO), and partnerships with lifestyle bloggers and opinion leaders. Offline, we will host promotional events at selected high-

traffic locations, such as major shopping centers and trade shows, to allow consumers to experience first-hand the convenience and advanced technology of vending machines.

**Distribution:** Our distribution strategy will focus on easy-to-reach and high-frequency consumer locations. We will partner with managers of transportation hubs, shopping centers, college campuses and corporate campuses to offer vending machines as part of their convenience offerings to customers and employees. We will also consider partnerships with hotels and tourist attractions to provide instant gratification merchandise to visitors.

## **Part H. Budget**

Our budgeting for the vending machines will be conducted in a percent of sales manner. With Fuji Electric being worth about \$900 billion, and the need to market vending machines not being that high, we felt that a 2-5% of sales spent on marketing for the vending machines is a good amount of revenue to spend on marketing. With these vending machines, that will be placed in various areas, we feel that marketing will not need to be that aggressive, therefore a competitive parity budgeting strategy wouldn't be needed in this case as our competition will not be selling the same products. Our marketing budget will be divided up amongst advertising, sales promotion, personal selling, direct marketing, public relations, trade shows and events, along with a contingency fund. We feel that with the size of the company, a budget of \$3 million worth of marketing for the vending machines will suit our marketing needs. An even \$1 million will be put into advertising, with \$250,000 in sales promotions. Personal selling will be set at \$50,000 along with public relations set at \$200,000. Direct marketing will be set at \$1.2 million and \$100,000 will be set for trade shows and events. This leaves the remaining budget at \$200,000,



which will be placed into the contingency fund which will be used for unforeseen expenses or possible adjustments that will be made to the marketing plan throughout the process.

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