

CHAPTER ONE: COMPANY PROFILE

1.1 Company Background & History

Founded in Vancouver, B.C. in 1994, LEUR Enterprises Inc. is a “holding company” that dedicates to control management and operation of a number of different companies such as “*Abril Candle Factory*” (Vancouver, B.C.) “People Movers Global” (Zug, Switzerland) and “Tu velita S.A. de C.V.” (Mexico City), among others.

Abril is a small corporation established on August 14th, 2000 in the province of British Columbia in the city of Vancouver, Canada. The company devotes to the design, manufacture, distribution and sales of handcrafted, scented candles – each piece being unique.

It started with a capital of CD\$100,000 and a staff of only 6 people. Currently, *Abril* has a capital of CD\$350,000. A key contributor to the company’s success has been their vertically integrated business model, which enables them to control mostly every aspect of the business, from product development to manufacturing to distribution to marketing and sales. This structure allows them to consistently provide high quality and contemporary products.

The company has a staff of 15 people in Canada. It is run by three executives, Tom Adams (Finance Director), Javier Lara (Production Director) and Nicholas MacPherson (Commercial Director). *Abril* is headquartered in Vancouver, and has 3 store locations in the same city.

The company carries a product range of 69 different candle models and also offers a resource for special ordered candles. It operates in the same facility since 1998. Their manufacturing process is small but complex. *Abril* has always paid particular attention to details such as the choice of raw materials and it is constantly aware of the changes in liabilities, and packaging / labeling regulations, for example.

The company has brought value to its customers through its high quality products. The production quality of the candles has always been maintained at a consistently high level. While being handcrafted, they have a traditional “look and feel”. To add to their charm, each candle is hand painted. The company manages a focused team of professional designers and manufacturers (artisans) that satisfy their ultimate goal, they make every candle as if it was their own. They ensure ongoing satisfaction through quality products, operational management and relationships with their employees and clients.

Abril's candles are made thinking about the basic market needs; divided in two main elements, the decorative use of candles and its functional use; they release aromatic vapors into the air when lit. *Decoration with Aroma* is their slogan, appealing to both elements. The company appeals to consumers who are looking for exclusive and unique products, becoming their competitive advantage.

Abril's vision is based on always continuing to strive to meet the needs of safety and environmental improvements and they are committed to continue their development; leave behind a reputation nothing short of first class.

One year ago, the organization was having a good year in sales, another “average” one, without any significant increase or decrease in sales. Their products were popular in

Canada, costumers liked them, but that was just not good enough; the company decided that it would be suitable to start structuring an export business plan in order to expand their business in the years to come.

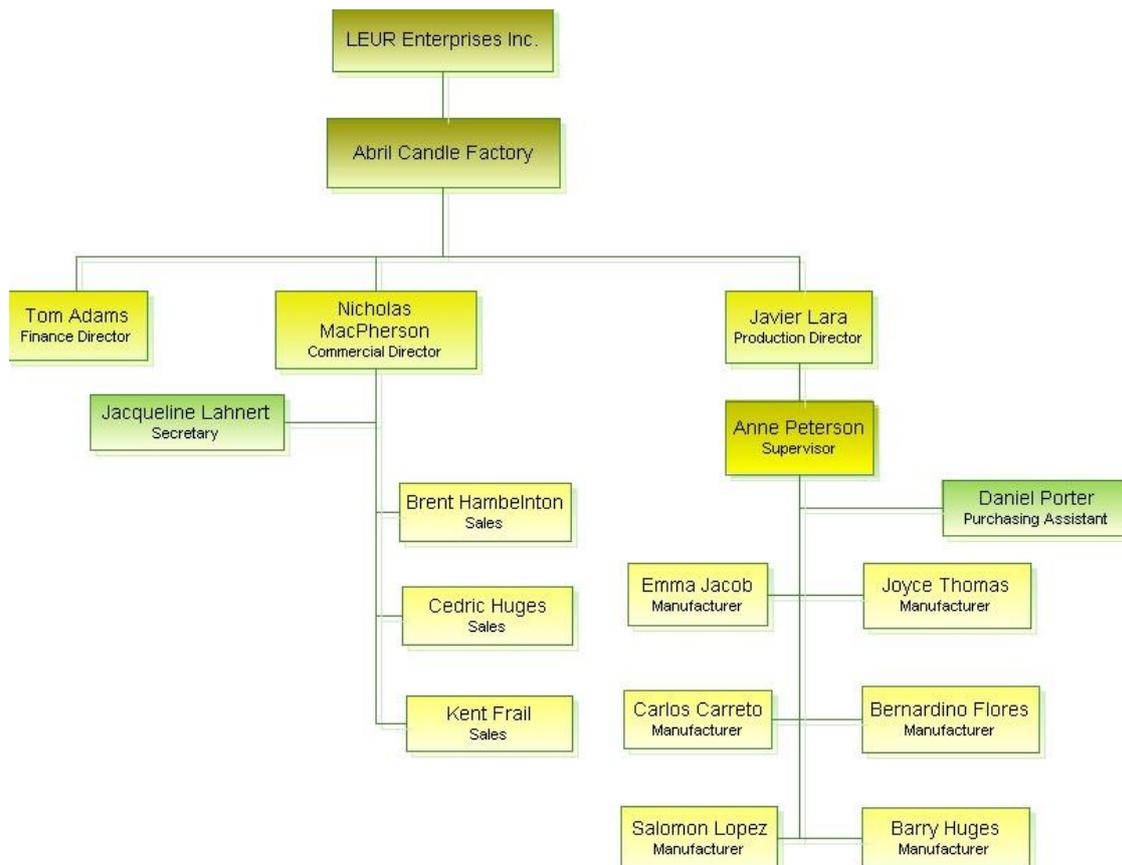
According to their marketing research, the target market is the United States, which is a quite convenient place to start exporting due to the fact that they already have relationships with several souvenir, gifts and novelties stores in that country; their target market will be Manhattan, in the city of New York.

The company's interest in exporting is product driven, and it requires feasibility and a lot of resource planning. The first step has already been achieved: last year, the company carried an industry and company diagnostic evaluation of the business and its current resources at the time. After confirming their commitment to export development with this study, they built an Export Business Plan (EBP) in which they foresee what will, may and should happen in order to avoid mistakes when the process starts. Customers expect no less. *Abril* knows that a good planning system is vital for exports, and good marketing strategies are now critical to the company's continued success and future profitability.

1.1.1 Organization Chart

The organization chart presented as Figure 1, represents the structure of the organization in terms of rank. The top level (level one) of the Organization Chart is LEUR Enterprises Inc, as it is the holding company. In the second level we can find *Abril Candle Factory*, followed by level three, which is comprised of 3 functional areas: Financial Management, Commercial Sales, and Operations. Level four consists of the supervisor followed by skilled labor -manufacturers and sales (level five).

Figure 1
Organization Chart



Source: Prepared in-house based on data generated by *Abril Candle Factory* (2007)

1.2 Description of the Product

Abril offers an alternative to Petroleum based, paraffin candles, its scented candles are made entirely of natural soy wax blended with botanical waxes and oils. They also

contain fragrances and coloring agents such as pigment dyes, which are added to the wick to ensure stronger penetration of fragrance.

When lit, the candles release aromatic vapors into the air (vanilla scent). The intensity of the scent released by the candles depends mainly on the amount of vapor released. *Abril's* candles are designed to ensure that these scents create a relaxing and comforting atmosphere.

Most of their candles are based on religion beliefs such as angels or virgins, but they also produce candles with other designs, such as suns, moons and stars. They have decided to test their target market with only two candle models, “Thin Candles Series; Sun & Moon” (Figure 2) and then decide if they should introduce more models into the market. The details of these two candles are described in Table 1 shown below.

Table 1
Product Description

SPECIFICATION	DESCRIPTION
Series	Thin Candle Series Sun & Moon
Model	Pink Sun & Moon
Code	CDLS-001, CDLS-002
Weight	0.81 pounds
Height	7.5 inches
Diameter	2.7 inches

Source: Prepared in-house based on data generated by *Abril Candle Factory* (2007)

Figure 2**Thin Candle Series; Sun & Moon**

Source: *Abril Candle Factory* Archive (2006)

Abril's candles have the following characteristics:

They are considered “natural” as they are made with a mixture of Malaysian and Chinese soy paraffin, its melting point is 129°F. Vanilla scent load is 8% percent (1 ounce of scent per 1 pound of wax, is a 5% scent load).

Each candle is colored with polymers that increase the vibrancy of the color, improve opacity and "strengthen" the wax. The wick is the standard 34 – 40 regular cotton cored, which is constructed with 100% natural fibers. Its burning rate is 4.10 and its flame height is 2.50, with a pool diameter of 4.70.

The wick's length is 7-3/8 inches, which is an additional safety measure. The wick is slightly undersized, so when the candle burns it helps keeping the heat away from the surface, ensuring that the candle will not burn down to the end. Burn times can be as long as 35 hours.

As decorative elements, the selected candles have 11.81 inches of rope, brass studs and wax-made sun and moon shaped inlays, which are hand-painted with terracotta oil paint, finished with a patina or "glaze effect" technique.

1.3 Internship Background

I have always wanted to work in an enterprise with strong corporate goals, with excellent core products or services. I believe a company that encourages and produces infrastructure within employees can be creative and entrepreneurial has a great chance of facing exponential growth in the near future as a result of a strong foundation.

When I starting working for LEUR Enterprises Inc. I realized that my work was going to be tough, because the company is quite small and everyone has very specific tasks. My first days in the office I was asked to choose a project to develop within LEUR's portfolio. Upon reviewing the options offered to me I set out to asses the most beneficial activity to ad to my skills, and to my experience and knowledge in some aspects that I wasn't completely satisfied with.

As I reviewed the portfolio, I realized that in one particular project the company was experiencing some difficulties that they were eager to solve; all the evidence showed that marketing as a function would make contribution to the achievement of corporate objectives. Therefore I volunteered to work in the Candle Factory; *Abril*.

My role in this project was to develop a Marketing Strategy to follow, which would show all the components and tools they have devised for their commercial operations abroad. My mission was to spell out the several value propositions demanded by different consumer groups so that everyone in the organization would know what their contribution was in creating value. I focused on the marketing environment -for the effect that it had in the own behavior of the company.

The Strategic Marketing Plan (SMP) was my main task, I was working directly with the Sales Director; Nicholas MacPherson who was in charge of the company's marketing area. My work was mainly focused on a well structured marketing plan based on a logical sequence of events leading to the setting of marketing objectives and the formulation of a plan for achieving them.

The results of this SMP were to set marketing objectives and strategies, estimate expected results, identify alternative plans and mixes and, when the company believed that were ready to start exporting, implementation programs for the years to come were to be established.

1.4 Symptoms of the Project

Abril's products had been well received in Canada, and the company believed that they possessed good information about their market and several attributes of their costumers; nevertheless Canada's latent demand of candles was rather subtle, (Parker, 2005) its

demand for decoration candles represented a 7.08% of the market potential in North America & the Caribbean.

After conducting different market studies, they reached the decision that the Canadian market for decorative candles was not good enough for them, since their expectations have become greater and the Canadian market did not show any signs of significant growth in the future years, however, they were not planning to disregard their local market.

The company had carefully studied the worldwide decorative candle market and determined that among the 25 countries studied¹, the United States was the ideal country to market their products.

North America represents the 25.6%² of the global decorative candle market and New York represents the 22.75%³ of the total decorative candles market in the United States (Parker, 2005).

According to a study released by Unity Marketing (2005), scented candles are the favorite choice for home fragrance. By 2004 the total sales of scented candles were \$3.7 billion in the United States. Candles accounted for just under half of the total \$8.3 billion home fragrance market. (Netscribes, 2004).

Furthermore, there is an increasing consumer interest in aromatherapy and its benefits in relaxation, rejuvenation and stress busting; therefore there is an increasing demand for aromatherapy products, including home fragrances, among overstressed Americans.

¹ Refer to Annexes 1 & 2

² Refer to Annex 3

³ Refer to Annex 4

Products with aromatherapy benefits are available as candles, scented oils, sprays, incense, sachets and potpourri and are used for their mood enhancing properties and reputed health benefits.

Home fragrance products now serve multiple functions, beyond their basic purpose of scenting the air, which completely harmonize with one of the company's competitive advantages.

1.5 Consequences of the Project

The opportunity to expand their business without disregarding the local market was the company's final goal. In order to reach it, the next step *Abril* was going to take before launching their export program was to develop a Strategic Marketing Plan (SMP), which would help them accomplish the goals they have devised for their commercial operations abroad. They believed that its purpose, function and contents would make it one of the most important strategic and tactical documents in the company.

This study would come with more adaptive marketing strategies to more effectively meet the local demands of the US market⁴ and competitively position them in the market to achieve long-term performance success.

This marketing plan would fulfill the following objectives:

- It would come with a proactive marketing mix by putting all the marketing instruments together and giving the desired direction to all the planned activities.
- The financial review would guarantee that money will be available whenever necessary, with no surprises on the way.

⁴ Refer to Annex 5

- After the SMP is done, they would evaluate various aspects of their processes in relation to best practice within their own sector, and therefore have the opportunity to be successful in their exporting venture.

Once they started exporting, they have planned to regularly review their objectives and methods, in order to obtain feedback and take possible corrective actions on a timely basis. *Abril's* major marketing objective was to establish presence in the US market, which, according to the studies they have carried, it would take a three-year commitment.