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Internationalization and market
potential assessment in B2C contexts:
A case study in the packaged consumer goods sector

Master's thesis in International Business

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<p>Abstract:</p> <p>Many companies are interested in entering new markets but identifying suitable markets with high market potential may be challenging. Moreover, the need for market potential frameworks taking industry specific factors into consideration still exists. The purpose of this thesis is developing a framework for market potential assessment in the packaged B2C goods sector in specialist retail, combining earlier research with practice. The thesis was conducted for a large multinational company and the author has been part of a market research project at the case company.</p> <p>The theoretical framework includes internationalization (examining why companies internationalize, presenting the Uppsala model for internationalization and how Finnish companies have internationalized in the past), market potential assessment (earlier research regarding the evaluation of market potential and presentation of chosen models for the thesis) and market entry modes. The thesis is a mixed method study, where quantitative market data provided by Company X, as well as a few other relevant, identified factors are analyzed quantitatively and the qualitative data are based on observations made by the author, during Company X's whole market research project.</p> <p>The results of the thesis indicate that companies buy relevant market data directly, instead of focusing on general numbers. They conduct market potential assessment incrementally and focus more on industry and product specific indicators than previous frameworks have demonstrated. Furthermore, companies might assess markets objectively, but internationalization can still happen as presented in the Uppsala model, when there are multiple interesting markets with high potential to choose from. Culture might also play a more minor role, than presented in earlier frameworks. The created market potential assessment framework consists of four steps, containing both important factors presented in literature, as well as important factors identified during Company X's project.</p>	
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Table of contents

1 Introduction.....	1
1.1 Problem discussion	2
1.2 Purpose and research questions.....	2
1.3 Definitions.....	4
1.4 Methodology	5
1.5 Delimitations.....	5
1.6 Structure of the thesis.....	6
2 Internationalization	7
2.1 The concept of internationalization.....	7
2.2 Internationalization theory	8
2.3 Barriers to internationalization.....	10
2.4 Earlier research regarding Finnish companies' internationalization.....	11
3 Market potential assessment and market entry modes.....	14
3.1 Market potential assessment	14
3.1.1 Phases of market potential assessment	15
3.1.2 Earlier research regarding market potential assessment.....	16
3.2 Industry specific market potential factors.....	21
3.2.1 Market size and market growth	21
3.2.2 Level of competition.....	21
3.2.3 Brands compared with private labels.....	22
3.2.4 Market segmentation	24
3.3 Market entry modes	24
3.3.1 Different market entry modes.....	25
3.3.2 What impacts companies' choice of entry mode.....	26
3.4 Summary of the theoretical framework	27
4 Methodology	29
4.1 Introduction.....	29
4.2 Research method: A mixed method approach	30
4.2.1 Different approaches to mixed method research	32
4.2.2 Strengths and challenges of mixed method research.....	33
4.3 Data collection	35
4.4 Data sources.....	36
4.4.1 Quantitative data sources.....	36
4.4.2 Qualitative data sources.....	38
4.5 Data analysis	39
4.5.1 Quantitative analysis.....	39

4.5.2 Qualitative analysis.....	40
4.6 Reliability, replication & validity	42
4.7 Research ethics and confidentiality.....	43
4.8 Summary of methodology.....	44
5 Analysis	46
5.1 Quantitative market data	46
5.1.1 Industry specific market size	47
5.1.2 Product specific market size	48
5.1.3 Combination of industry and market specific market size	49
5.1.4 Country risk scorecard.....	51
5.2 Observations.....	53
5.2.1 Observations from project start	53
5.2.2 Observations from deep dive.....	55
5.2.3 Market size and growth	57
5.2.4 Risk factors	58
5.2.5 Psychic distance.....	59
5.2.6 Geographical distance.....	60
5.2.7 Industry specific factors.....	61
5.2.8 Incremental market potential assessment	62
5.2.9 Secondary data versus primary data	63
5.3 Summary of the analysis chapter	64
6 Discussion & conclusions	65
6.1 Discussion	65
6.2 Conclusions.....	70
6.3 Theoretical implications.....	76
6.4 Practical implications.....	77
6.5 Limitations and future research.....	77
7 Svensk sammanfattning	79
7.1 Inledning	79
7.2 Syfte och forskningsfrågor.....	79
7.3 Internationalisering	80
7.4 Utvärdering av marknadspotential.....	81
7.5 Metodik	81
7.6 Analys	82
7.7 Diskussion och sammanfattning	82
References.....	85

List of figures

Figure 1 Overview of thesis' chapters..... 6
Figure 2 Data collection and analysis process for thesis..... 45
Figure 3 Market size in Company X's industry 2019 & 2024 (based on €)..... 47
Figure 4 Market size in Company X's product category 2019 & 2024 (based on €) 48
Figure 5 Scorecard based on ranking and forecasted market sizes 49
Figure 6 Country risk scorecard for top 10 markets 51
Figure 7 Comparison of Company X's plan and project 69
Figure 8 Market potential assessment framework 75

List of tables

Table 1 Presentation of chosen market assessment frameworks..... 19
Table 2 Presentation of collected data and thesis' timeline..... 35

1 Introduction

Many companies in today's accessible, global world are interested in entering new, foreign markets in order to grow and increase their sales (Hollensen 2007). In the modern world, it is even possible for small businesses to internationalize. There are many reasons why companies might be interested in entering new markets: foreign markets might offer higher profits, new resources for innovation or help companies stay competitive. (Czinkota, Ronkainen & Zvogbo 2011)

Nevertheless, companies do not only need to make a decision whether to enter new, foreign markets or not, they also need to choose which markets to enter. When selecting which market to enter, it can be difficult to choose from multiple options and challenging to delineate the markets with the highest potential (Kotler, Keller, Brady, Goodman & Hansen 2009). How can companies then compare markets, in order to find markets that suit them? Many different frameworks for comparing the potential of different markets have been created, but the most commonly used ones are international market selection and foreign market opportunity analysis (Ozturk, Joiner & Cavusgil 2011). Even though the two frameworks are considered important for companies' success in internationalization, few empirical studies have been conducted in this field (Leonidou et al. 2002, Papadopoulos & Martín 2011, Steenkamp & Ter Hofstede 2002; Ozturk et al. 2011). Furthermore, few previous studies have focused on market selection in consumer products or services (Malhotra & Papadopoulos 2007; Ozturk et al. 2015), which implies that more can be learned in this sector.

In addition to the different market selection frameworks, there are multiple factors that affect countries' market potential (e.g. economic situation, rate of growth, political climate, consumption behavior and attitudes towards imported products) (Cavusgil, Kiyak & Yeniyurt 2004). Different authors and different market assessment models identify various market potential indicators, which can make it challenging for businesses to decide which factors are important in their industry and sector. This implies, that companies still need to make several decisions regarding how to find interesting markets and identify market potential relevant for them. Furthermore, what companies identify as important regarding market potential could be interesting to investigate.

1.1 Problem discussion

Certain companies pursue international activities from their start, but most internationalize progressively over time, as entering a new, unfamiliar country can be seen as is risky (Czinkota et al. 2011). In order for businesses to succeed in their internationalization, preparation is required (Hollensen 2007). Moreover, when companies are interested in internationalizing, background information needs to be learned, in order to be able to find and compare the most interesting markets (Czinkota et al. 2011). Several different theories exist, and multiple studies have been conducted regarding market potential assessment.

“Companies seeking to expand abroad are faced with the complex task of screening and evaluating foreign markets.” (Cavusgil et al. 2004 p. 607).

Assessing potential in foreign markets is the primary objective of most international market research (Czinkota & Ronkainen 2010; Sheng & Mullen 2011). Even though market potential has been investigated by many researchers, a need for a flexible, extensive, and cost-effective model still exists (Cavusgil et. al 2004, Green & Allaway 1985, Papadopoulos et. al 2002; Sheng & Mullen 2011). Several authors have tried to create a new, flexible model that works across industries (cf. Sheng & Mullen 2011, Ozturk et. al 2015), but how can business executives know which model is suitable for their businesses and involves relevant factors for them? Furthermore, how do business executives usually conduct foreign market research, in practice? Cavusgil (1985), has researched how managers conduct foreign market research and which topics they typically include when comparing market potential. Are the same research topics still relevant today, when internationalizing or should other factors be investigated?

1.2 Purpose and research questions

The purpose of this master’s thesis is to develop a framework for finding new, suitable markets with high potential for companies in the packaged B2C goods in special retail. The thesis was conducted for a large multinational company in packaged consumer goods in the special retail industry, as part of a project regarding market research in Europe within the company. Due to matters of confidentiality, the company will be referred to as

Company X. During the project the author helped Company X in their investigation to find markets with the highest potential and additionally, help them analyze these high-potential markets more deeply. The created market analysis tool aims to be suitable for other companies and with modifications for other industries as well, to use as support when comparing and finding new markets. The market potential framework consists of four steps: a *preliminary step*; where general market information is examined, second a *general phase*; where multiple markets will be analyzed, followed by an *in-depth phase*; where a few markets with high-potential will be analyzed more thoroughly and lastly, an *investigation of a chosen market*; where one chosen, suitable market with high-potential will be analyzed in order to make the final decision, whether to enter this market or not. The author has been part of Company X's project group investigating market potential of a set of 13 European markets, in order to find a new interesting market to enter.

The thesis aims to address the four following questions:

Theoretical question:

What conceptual approaches to the assessment of market potential exist in previous research?

Empirical questions:

In B2C businesses focusing on packaged, physical goods in specialist retail, (a) How is the evaluation of market potential executed? (b): Which other factors are relevant to market selection besides market potential?

Normative question:

What should managers, in B2C businesses focusing on physical goods, do to conduct successful market evaluation processes?

1.3 Definitions

Relevant concepts regarding the thesis' topic and theme will be presented more deeply in the theoretical part of the thesis, but a few main definitions that are relevant throughout the thesis are presented here.

Brand: *“A name, term, sign, symbol, or design, or a combination of them, intended to identify the goods or services of one company or group of companies and to differentiate them from those of competitors.”* (Kotler et al. 2009 p. 861)

Entry barriers: Entry barriers are factors that make it challenging for companies to enter a specific market. The entry barriers also affect companies' choice of how to enter a market. (Johansson 2000)

Internationalization: *“Internationalisation is the process through which a firm moves from operating solely in its domestic marketplace to operating in international markets.”* (Kotler et al. 2009 p. 62)

Market potential: Kotler and Armstrong (2010) define market potential as the maximum level of market demand, while Aaker, Kumar & Day (2006) define it as product/service sales that would occur in case the market was to mature to its fullest.

Private label: *“Brands that retailers and wholesalers develop and market.”* (Kotler et al. 2009 p. 867)

Psychic distance: *“The psychic distance is defined as the sum of factors preventing the flow of information from and to the market. Examples are differences in language, education, business practices, culture, and industrial development.”* (Johanson & Vahlne 1977 p. 24)

1.4 Methodology

The research was conducted through a mixed method approach, working with both quantitative data and qualitative data. Company X's project was built in the same way as the analysis in the thesis, first working with quantitative, secondary data and later learning more about an interesting market by desk researching it. The quantitative data in the thesis is market data offered by company X. Detailed market data from the chosen markets will not be presented in the thesis, including both country names and specific numbers regarding the markets. The kind of data available and used for the research, and which factors are considered when analyzing the data is discussed. The qualitative data for the thesis was collected throughout the whole market research project at Company X and during the whole writing process. The qualitative data will be in the form of observations, presenting how an actual company conducts foreign market research and how the research topics develop throughout the process, as well as presenting how a company acquires a better understanding of one interesting market. Furthermore, a real-life case of market potential assessment is compared with frameworks presented in literature, in order to be able to create a market potential assessment framework, which is a mix of theory and practice. Company X's reactions to the author's work and presentations in the different steps in the market research will be used as qualitative data in the thesis as well.

1.5 Delimitations

In this study, only one company and their internationalization process were observed. Company X's packaged products are sold both in grocery stores, as well as specialist retail stores. Their products are sold in many countries, including Finland. The research method of this study was a mixed method research, due to the nature of the project; where quantitative market data was available, but additional desk research needed to be performed to be able to understand the interesting markets further. The thesis was limited to 13 European markets and focused on the B2C packaged consumer goods in the special retail industry.

1.6 Structure of the thesis

The thesis consists of seven main chapters. After the introduction, the second chapter focuses on the first part of the theoretical framework with internationalization, while the third chapter focuses on the second part with market potential assessment and market entry being a few of the topics. The following chapter focuses on methodology and the chosen research method, presenting both its strengths and weaknesses and how these are considered in the thesis. The fifth chapter focuses on the analysis of the quantitative and qualitative data gathered for the thesis with the help of the theoretical framework presented in chapters two and three. In the sixth chapter the findings will be discussed along with the conclusions, limitations, and recommendations for future research. The last chapter contains a summary of the thesis in Swedish.

Introduction

Theoretical framework

- *Internationalization*
 - Why companies internationalize
 - The Uppsala model for internationalization
 - Finnish companies internationalization process
- *Market potential assessment*
 - Phases of market potential
 - Earlier research
 - Industry specific factors
 - Market entry modes

Methodology

- Strengths and weaknesses of mixed method research
- Quantitative secondary data and observations

Analysis

- Analysis of market and risk data
- Thematic analysis, including market size, psychic distance, using secondary data

Discussion & conclusions

- What do these findings mean?
- Comparison of theory and practice
- Theoretical & practical implications
- Limitations & future research

Figure 1 Overview of thesis' chapters

2 Internationalization

In this chapter, the term internationalization is explained and the Uppsala model for internationalization is presented. A few risks and barriers related to internationalization are also presented, as well as two studies regarding how Finnish companies have internationalized in the past.

2.1 The concept of internationalization

” Multinational enterprises continuously look for new markets to enter, small and medium businesses seek international customers more than ever, and born-global firms undertake substantial internationalization early in their evolution.” (Ozturk et al. 2015 p.120)

According to Hollensen (2007), internationalization happens when companies move business activities abroad (e.g. manufacturing, sales or research and development). However, Kubičková, Votoupalová & Toullová (2009) argue that internationalization can be a method for companies to stay competitive, attain revenue in the long-term, accomplish competitive achievements and remain on the market. What separates internationalization from other strategy or growth methods, is that when internationalizing, companies move their products/services/assets abroad and companies have chosen what countries to enter and with which entry mode. Moreover, companies need to choose a suitable entry mode for the chosen market. In other words, when companies are internationalizing, they need to choose which markets to enter and how to enter them. (Andersen 1997)

Companies’ often start their internationalization process by becoming aware of opportunities abroad, leading them to become interested in internationalizing, making their first attempt at entering a foreign market, whereafter they evaluate how they have succeeded with the process, and lastly, adapt their internationalization activities and use these to enter new markets (Czinkota et al. 2011) Globalization and internationalization are two similar terms, but usually the term globalization is more focused on the trend of companies being active in multiple countries on different continents, while

internationalization refers to companies conducting business in several countries as well, but in a specific area of the world, such as a continent (Hollensen 2007).

2.2 Internationalization theory

The Uppsala model for internationalization was originally created in the 1970's by Johanson & Vahlne (1977), but the authors have since revisited the model several times (2009, 2013, 2017). Johanson & Vahlne (1977) conducted empirical research regarding the internationalization of businesses to understand how companies progress from operating in one country to new markets. Based on their research, the two authors created a model for the process of company internationalization. The model presents that companies enter new markets gradually. Additionally, companies use and incorporate information regarding foreign countries in the internationalization process and the companies progressively expand their commitments abroad. (Johanson & Vahlne 1977)

According to the Uppsala model, companies generally internationalize incrementally, instead of making great, one-time investments in foreign countries. Johanson & Vahlne (1977) also found that firms usually start their internationalization process through an agent and later they might find a subsidiary or manufacturing facilities in the foreign market. Furthermore, the authors identified that companies usually enter markets, which are close in psychic distance to the home market (Hörnell, Vahlne & Wiedersheim-Paul 1972, Johanson & Wiedersheim-Paul 1974; Johanson & Vahlne 1977). The term psychic distance means perceived differences in regard to language, culture and political structure according to Hollensen (2007). According to the Uppsala model (Johanson & Vahlne 1977), businesses are often more openminded towards opportunities in similar markets, and they also believe the market uncertainty to be lower in them (Hollensen 2007).

According to the Uppsala model, companies are focusing on growth, i.e., the gain of profits in the long run (Williamson 1966; Johanson & Vahlne 1977). Furthermore, companies are trying to avoid taking great risks. Companies' decision-making across all levels of the business is believed to be portrayed by these two factors. (Johanson & Vahlne 1977)

“Market knowledge and market commitment are assumed to affect both commitment decisions and the way current activities are performed. These in turn change knowledge and commitment (cf Aharoni, 1966).” (Johanson & Vahlne 1977 p.27)

According to the Uppsala model, knowledge of a market is important since knowledge affects companies' decisions regarding commitment (Johanson & Vahlne 1977). There are various kinds of knowledge (e.g. regarding opportunities and risks in the market). Knowledge that cannot be taught and is based on previous individual experiences, i.e., experiential knowledge (Penrose 1966; Johanson & Vahlne 1977) is most relevant in this setting, according to the authors (Johanson & Vahlne 1977). Knowledge from previous experiences is important especially in unstructured situations, in activities that are focused on interpersonal relationships and in seeing and expressing new opportunities with regard to noticing tangible opportunities and sensing how well suited they are for the company. (Johanson & Vahlne 1977)

As mentioned, the Uppsala model has been revisited a few times by the authors, in order to make sure it is still relevant in today's changing business environment. The latest changes to the Uppsala model were made in 2017, when the authors added a new factor to the model; process ontology and related it to the development of multi-business enterprises (MBE) (Vahlne & Johanson 2017). In the revisited Uppsala model, the focus is on MBEs instead of MNEs (multinational enterprises), as presented by Pitelis and Teece (2011; Vahlne & Johanson 2017), since businesses in today's world are more focused on processes compared to structures, consist of networks instead of single unit, conduct business trade instead of manufacturing, have a proactive and entrepreneurial mindset compared to being inactive and lastly, they are decentralized instead of hierarchic. The term process ontology refers to open-endedness, since one can never be sure of what will arise from a process. In today's fast paced world, managers must work with continuous activities affected by constant change, since change is happening nonstop. For managers to make realistic decisions, they need to be aware of the open-endedness. (Vahlne & Johanson 2017)

Empirical studies that have been conducted after the study by Johanson & Vahlne (1977), have suggested that internationalizing according to the Uppsala model affects performance

positively (Barkema, Bell & Pennings 1996, Delios & Beamish 2001, Li 1995, Luo & Peng 1999; Johanson & Vahlne 2009).

2.3 Barriers to internationalization

Kotler et al. (2009) present a few risks that need to be taken into consideration when deciding to internationalize. It might be difficult for companies to understand the market they want to enter and offer a product or service that consumers find interesting and that is competitive. The business culture can be different in another country, even in a neighboring one. Companies might not be prepared for unexpected costs or undervalue legislations and regulations in the country. The managers might lack experience of working internationally, which can be problematic. Lastly the trade laws and political climate might change in the foreign country and the currency might devalue, which can be challenging to prepare for. (Kotler et al. 2009)

There are some other barriers that might hinder the initiation of internationalization and these barriers are primarily internal; inadequate funds, lacking knowledge, insufficient relations to the foreign market, inadequate commitment for exporting, insufficient funds for market entry, lack of production capacity to commit to international markets, insufficient international distribution networks, managerial focus on the development of home markets and increased cost because of high export production, distribution and expenses. Furthermore, general market risks (e.g. language/culture barriers, distance between markets), commercial risks (e.g. unstable exchange rates, insufficient funding) and political risks (e.g. governmental restrictions, high tax rates) might prevent companies from beginning their internationalization process. (Hollensen 2007)

Johanson & Vahlne (1977) present a few problems regarding internationalization in gradual steps. One problem is that the companies do not have practices for how to react to difficulties and opportunities that present themselves within companies or their environment. Companies usually resolve problems they meet as separate issues. (Cyert & March 1963; Johanson & Vahlne 1977) Another problem affecting internationalization is the lack of relevant market knowledge regarding foreign markets, and the lack of knowledge lead to a feeling of uncertainty for entering new markets (Hörnell, Vahlne & Wiedersheim-Paul 1972, Johanson 1970; Johanson & Vahlne 1977). If a business feels

uncertain about a country's language or culture, it might be a barrier for market entry. In other words, Johanson & Vahlne present that market knowledge affects companies' decision-making regarding commitment to a market, but a company's current activities in foreign markets also affects how willing they are to commit to that market (Johanson & Vahlne 1977).

2.4 Earlier research regarding Finnish companies' internationalization

Companies that originate from small open economies, so called SMOPEC-countries, are often more interested in internationalization than companies that have a large home market (Bellak & Cantwell 1998; Benito, Larimo, Narula & Pedersen 2014). Many SMOPEC-countries have a small domestic market, leading them to investigate new markets. (Benito et al. 2014) Benito et al. (2014) investigated whether Nordic SMOPEC-countries have started focusing more on strategic internationalization, instead of operational internationalization by examining the top ten largest firms of the Nordic countries and their internationalization during the 1990's. The term strategic internationalization focuses on moving R&D, management tasks or company funds abroad. However, operational internationalization includes internationalizing manufacturing or trading products/services to other countries. The study found that numerous companies still focused mainly on moving their operational affairs abroad (e.g. to reduce expenses and gain access to new assets, that can only be found in other markets). (Benito et al. 2014)

Larimo & Huuhka (2007) have also studied how the largest retailers from Finland and Sweden have internationalized to Russia and Baltic markets, with regard to five case companies and their internationalization process. In the article, the companies' motives for internationalization and market entry strategies are investigated. The authors found that Eastern European countries are becoming potential markets for international retailing companies, due to governmental reforms and market growth in these markets. The five companies started by expanding from their home markets to countries that were close, both with regard to geography and culture. (Larimo & Huuhka 2007)

Retailers are often active in multiple markets. According to Deloitte (2006; Larimo & Huuhka 2007), 60% of the world's 250 largest retailers had foreign activities and most of

the retailers that were only conducting business in their home markets, had a large home market (e.g. the United States). Finland and Sweden are both small markets with high living standards, meaning that these markets are limited in terms of growth possibilities for large businesses. (Larimo & Huuhka 2007)

Regarding cultural and geographic proximity, similarities between the cultures in the Baltic countries, Russia, Finland and Sweden exist and these countries are also geographically close to one another. Another factor that is important in retailing, is the size and growth of the market. (Larimo & Huuhka 2007) Russia is a vast market, where the middle class is growing (Larimo & Huuhka 2007) and furthermore, the rate of economic growth in the Baltics and Russia is higher than median growth in the EU (EBRD, 2005; Larimo & Huuhka 2007).

The five case companies analyzed in the article are the Finnish retailers Stockmann, S-group and K-group and the Swedish retailers ICA and IKEA. The companies were interested in internationalizing to Eastern Europe both due to elements in their home markets, which are small and limited, and due to Eastern Europe showing high market potential, regarding growth in the markets and low market concentration. (Larimo & Huuhka 2007) According to Larimo & Huuhka (2007), the analyzed companies followed the incremental internationalization process presented in the Uppsala model by Johanson & Vahlne (1977), beginning the internationalization with entering similar markets with regard to culture and geographical closeness and later entering more divergent markets. Furthermore, the businesses began with non-intensive entry modes to progressively using more intensive market entry modes. However, significant differences were found between the firms regarding chosen market and operational strategies, when entering the Baltic countries and Russia. (Larimo & Huuhka 2007)

The article by Larimo & Huuhka (2007) also found that the internationalization of the case companies indicated that risk-taking and being prepared to encounter problems concerning ambiguous legislation, taxation and applying for permits, is needed for companies to succeed in Russia. Even though the Baltic markets and Russia are showing high potential, the returns were slow, and companies should be prepared that it takes time for the business to become profitable in these markets. An incremental internationalization process is indicated to be the right option in Russia, even though the market is becoming more

concentrated, and the markets are changing in a quicker pace. (Larimo & Huuhka 2007)

The situation in Russia has changed noticeably in recent years and therefore the article by Larimo & Huuhka (2007) is not an up-to-date source, concerning market potential and Nordic countries entry into the market. Since 2007, the political and economic situation between the EU and Russia have changed, due to several human rights issues in Russia have been noted by the media (e.g. regarding LGBTQ rights and freedom of speech (Amnesty International 2021), Russia invaded Krim, Ukraine in 2014 and the situation is still fragile (BBC, 2021). Furthermore, the European Commission has identified 31 trade barriers affecting the business between the EU and Russia (European Commission, 2020), indicating that entering Russia might not be as simple as presented in literature.

3 Market potential assessment and market entry modes

In this chapter of the thesis the evaluation of market potential is presented, first by explaining how the process is presented in some books and later diving into different approaches presented in articles. Moreover, market entry modes are presented shortly.

3.1 Market potential assessment

“Although the world is becoming flatter for globalized organisations, there is still some ‘uniqueness’. However, many nations and regions integrate their trading policies and standards, each nation still has unique features. A country’s readiness for different products and services, and its attractiveness as a market, depend on its economic, political, legal and cultural environments.” (Kotler et al. 2009 p. 64)

When choosing a new market to enter, there might be many markets to choose from and complicated to define which have the most potential. Many businesses decide to internationalize to countries that are close to the home market, since these markets can be more familiar, and the expenses might be lower than when entering markets further away. Nonetheless, companies might decide to enter markets that are close in psychic proximity. This might though be risky, since businesses might miss out on more attractive markets and they could potentially omit analyzing the market adequately and assume that the business model used in the domestic market will work in the new market, which might not be the case. (Kotler et al. 2009) Kotler et al. (2009) mention that it can be efficient for companies to enter less countries and instead focus on markets with higher engagement, which are easy to enter. Furthermore, businesses usually are interested in entering markets that show high market potential, markets that show little market risk and markets where companies might enjoy a competitive edge (Kotler et al. 2009).

In order for a market to be attractive for businesses there should be moderate competition and few players, the market should have some potential to grow, and the consumers should have an unfulfilled need for the product or service the business is providing; in other words, market attractiveness should be considered with environmental conditions, competitive circumstances and accessible resources in mind (Cooper 1993; Simkin &

Dibb 1998). McDonald and Dunbar (1995; Simkin & Dibb 1998) present three similar factors for market attractiveness: rate of growth, the available market segment size and potential for revenue.

According to Arefjevs, Volkova & Lindemane (2013), assessing market potential before entering a foreign market and before making any strategic decisions linked to this is important. The authors mention that there are many issues to be considered regarding market potential, but market growth and market saturation of companies' industry are the most important issues to focus on. When making a preliminary screening of target markets that companies could enter, entry mode should not yet be considered according to Root (1994; Arefjevs et al. 2013).

3.1.1 Phases of market potential assessment

When companies are interested in entering foreign markets, the process of finding suitable markets to enter can be divided into four steps according to Johansson (2000). In the first step all potential markets that can be entered should be acknowledged. Usually, companies decide to focus on a specific part of the world. After choosing an interesting continent, businesses usually conduct a deeper analysis of the countries in the area. In the first stage companies usually focus on easily accessible data, like GNP, market growth and the economic and political climate in the countries. Furthermore, the population of the different countries can be valuable information. (Johansson 2000) Czinkota et al. (2011) also mention that when starting the evaluation of markets, general country variables as GDP, GDP growth and population statistics ought to be considered. These variables do not show industry specific market potential, but can be used as indicators whether the businesses goals and purposes can be fulfilled in the markets and help companies narrow down the potential countries from a large number to a few countries that are easier to work with. (Czinkota et al. 2011)

The next step for finding potential markets is a preliminary screening. In this stage companies can focus on indicators such as financial development, physical distance, or stability in the political climate. During this step it could be beneficial for companies to figure out the costs for entering the different markets (e.g. trade fees, transportation fees and distribution fees). After this, companies can start the in-depth screening. This is the

most crucial stage of defining market potential. Many different criteria can be used for the step, but most commonly market size, market growth, the intensity of competition and trade barriers are considered. When focusing on the size of the market, GNP, the growth of GNP or the size of the population can be used for measurements. When investigating market growth companies can investigate how the size of the market has developed during the past years. The amount of competitors and the size of their market shares can be used for measuring the intensity of competition. Markets where many companies have a small share of the market, or where other competitors have been able to enter the market from abroad can be good options, while it can be difficult to enter markets that have a strong presence of local companies. Lastly, costs of transportation, duty fees and taxes can be barriers for starting trade in the specific market. Companies should also learn what kind of duties and tariffs are applied to the products they are offering in the foreign countries. (Johansson 2000) Market potential regarding the certain products or services offered by companies as well as how well the market suits companies' strengths should also be taken into account in this step according to Czinkota et al. (2011).

In the last selection step, the business' objectives, the expected profit and the different costs between the countries are compared, in order to find markets that suit companies the best. On one hand, countries that are alike companies' current markets, tend to have lower market entry costs, present a smaller risk, and might offer fast revenues. On the other hand, countries that show higher potential over time could offer companies new possibilities. The different markets can be compared by creating weighing factors based on significance for the different market potential aspects, leading to a ranking of the different markets, showing which countries have the highest potential. (Johansson 2000)

3.1.2 Earlier research regarding market potential assessment

Cavusgil (1985) has created a three-step model for finding foreign markets with high potential. The model is based on personal interviews conducted with US company executives. According to Cavusgil (1985), the starting point for beginning to compare and analyze foreign markets can be vastly different from company to company; certain businesses might know which markets they are interested in and want to learn more about, while others have not made any specific decisions and want to investigate a large set of markets. During market research, managers most commonly want to learn which markets

are showing potential with regard to company products and their sales potential, and regarding distribution; how to choose and assess distributors and trade agents. Cavusgil (1985) found that most companies conduct market research in an unstructured way. Since there are many countries in the world and investigating all of these in depth is impossible, Cavusgil (1985) recommends that market research should be done in steps.

The three-step model consist of a *preliminary phase*, where a few potential markets should be identified and more thoroughly investigated later in the process. In this first step, the demographic setting, political situation, economic and cultural environment of the different countries are investigated and based on these, certain markets will be eliminated from further research. The second step is assessing the *markets' industry potential*. In this step, access to market, potential of product and manufacturing and distribution locally are investigated. Furthermore, information from the primary step and data from the second step can be combined, in order to achieve a full picture of the different markets investigated. Other factors that are relevant for the company specific industry, should be investigated in this step as well (e.g. consumer expenditure on company products and attitude towards raw materials). The final step in the model, is the *business' sales potential*, where the interesting markets that are left are investigated with regard to sales prognosis, landed cost, distribution costs and further profitability elements. The final step often necessitates the collection of primary data through field research (e.g. by visiting the foreign market or by using an external market research firm). (Cavusgil 1985) Cavusgil (1985) also identifies that much secondary data is available, so the absence of information is usually not a problem for managers conducting market research, but how to find relevant data for their company.

A paper by Cavusgil et al. (2004) focuses on complementing preliminary foreign market evaluation by including two approaches: country clustering and country ranking. The study aims to help managers' decision-making process, regarding choosing suitable new markets. In international marketing, there are two commonly used approaches for evaluating foreign markets' potential; clustering and ranking. When using the clustering approach, countries that share similarities (e.g. in terms of culture or political climate) are put into groups. The ranking approach ranks countries in terms of market potential, based on chosen, relevant factors. If both approaches are be used simultaneously, it could be easier to find smaller groups of countries that are interesting for companies. According to

some researchers, these two methods should be used for assessing country attractiveness as a first step in the process, while other researchers think that these methods should be used when making the final decisions or in order to segment markets. Some criticism towards country clustering is that the method should be more focused on product/service variables, and that clustering is usually based on utilization of secondary data. However, these issues are not current in today's world, where data collection has improved, and data is easier to access. (Cavusgil et al. 2004) The main criticism towards country ranking is also the absence of focus on product/service specific variables (Papadopoulos & Denis 1988; Cavusgil et al. 2004). On the other hand, when using country ranking, companies can choose to use variables that are important to them or give different weights to the variables used, based on importance for their company. The authors recommend using country ranking only in the preliminary phases of foreign market assessment. (Cavusgil et al. 2004)

The study by Cavusgil et al. (2004) found that using a combination of country clustering and ranking, can help managers make decisions regarding foreign market potential. When using indexing, managers can use weighing factors in order to mirror the importance of these factors for the business. Country ranking is unhelpful in finding suitable market strategies but using clustering as a simultaneous method can help fill in this gap. The goal of the study was mainly to simplify the task of selecting suitable markets. (Cavusgil et al. 2004)

Sheng & Mullen (2010) have created a hybrid model for investigating foreign markets for exporting, which is based on a mix of the OMOI - the Overall Market Opportunity Index (Cavusgil 1997; Cavusgil et al. 2004) and "the economic-based gravity model of international trade" (Sheng & Mullen p. 163) and it aims to focus on the potential of the industry, instead of general market potential. The model is based on earlier theories from economics and marketing. In this hybrid model, countries' market potential is ranked based on multiple factors, but size of market, geographical distance, economic strength, and trade agreements were identified as the most relevant market potential indicators in their model. (Sheng & Mullen 2011)

Internationalization is seen as crucial for development and revenue by many business managers (Ozturk et al. 2015). According to Ozturk et al. (2015), only a few market-

selection studies have focused on B2C products/services, while most of the previous studies have focused on production and industrial marketing. Ozturk et al. (2015) have developed a three-step tool for evaluating potential markets, to help managers find the most suitable markets for their companies. The model is industry specific and focuses on factors that are relevant in the industry. In the first step a country's *income elasticity of consumer spending* on a specific industry is examined. Depending on the income elasticity, countries are rated as responsive or unresponsive to changes in expenditure in the industry. The *growth potential of income and consumer spending* in a specific industry in the chosen countries is reviewed in the second step. The last step is a mixture of *markers of responsiveness and growth potential with an overall extent* (e.g. GDP rate of growth or other parameters that are relevant and significant for a particular industry). Besides the three-step tool, companies should contemplate on other aspects that impact the practicalities and attractiveness of the markets; companies could consider entry barriers, tariffs, taxes, or accessibility of fitting affiliates. (Ozturk et al. 2015) Many barriers are linked to specific industries or companies, so considering assets and competences when comparing different markets to enter is important (Ojala & Tyrväinen 2007; Ozturk et al. 2015).

In this chapter, several different models, and alternatives for assessing foreign markets and their potential have been discussed and some similarities as well as differences can be distinguished in the different frameworks by different authors. In the table below, the chosen models by the writer are presented in a chart, in order to clearly present which factors different researchers have identified to be relevant when choosing which foreign market to enter.

Table 1 Presentation of chosen market assessment frameworks

Authors	Title	Presented factors to consider when assessing foreign markets
Ozturk, Joiner & Cavusgil (2015)	“Delineating Foreign Market Potential: A Tool for International Market Selection”	<ol style="list-style-type: none"> 1. Country responsiveness 2. Potential of growth 3. Company or industry relevant market measure

Sheng & Mullen (2011)	“A hybrid model for export market opportunity analysis”	<ul style="list-style-type: none"> - Geographical distance - Size of market - Economic strength - Cultural & language differences - Different languages - FDI results - Trade agreements - Physical infrastructure - Openness of market - Differing religions
Cavusgil (1985)	“Guidelines for export market research”	<p>First stage: <i>Preliminary evaluation</i></p> <ul style="list-style-type: none"> - Demographic/physical climate - Economic situation - Political climate - Social/cultural environment <p>Second stage: <i>Analysis of industry potential</i></p> <ul style="list-style-type: none"> - Market accessibility - Potential of product - Local distribution & manufacturing <p>Third stage: <i>Analysis of the business’ sales potential</i></p> <ul style="list-style-type: none"> - Sales volume - Landed expenses - Cost of in-house distribution
Cavusgil, Kiyak & Yenigurt (2004)	“Complementary approaches to preliminary foreign market opportunity analysis: Country clustering & Country ranking”	<p>Exemplary factors for <i>country ranking</i>:</p> <ul style="list-style-type: none"> - Size of market - Growth rate of market - Market concentration - Commercial infrastructure - Market openness - Free market structure - Risk of country <p>Exemplary factors for <i>country clustering</i>:</p>

		<ul style="list-style-type: none"> - Infrastructure - Economic wealth - Standard of life - Size of market
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3.2 Industry specific market potential factors

In this part of the thesis some market potential factors that are relevant for the specific industry of packaged consumer goods will be presented, that have been identified during the research process.

3.2.1 Market size and market growth

Market potential, in the case of market size and market growth, is according to Russow and Okoroafo (1996; Arefjevs et al. 2013) a key incentive for market entry. Market growth can be measured both in terms of industry level and country level (e.g. GDP growth or other general measure), according to Arefjevs et al. (2013). An industry can be seen as companies that provide products/services to a market, to fulfill customers' specific needs. When considering market growth, some industries might be growing, while others are declining, even though a country's economy might be growing in general. This indicates that focusing on the industries' growth, instead of just focusing on general national market growth and numbers, when assessing market attractiveness is relevant. (Arefjevs et al. 2013) Market size and/or growth has also been presented as a relevant indicator of market potential in multiple other articles (cf. Johansson 2000, Sheng & Mullen 2011, Cavusgil et al. 2004). Furthermore, Aaker (2011) presents that market growth can indicate bigger sales and revenue and less pressure on pricing, if the demand is growing faster than supply, while market shrinkage might again lead to smaller sales and more competition and price pressure.

3.2.2 Level of competition

The intensity of competition in a market depends on multiple factors. One factor is the industry's concentration, where many competitors with an equal market share lead to more

competition, while rivalry is minor in markets with an overwhelming leader. The market growth rate also affects the competition level in a market, since slow growth often leads to greater competition. The cost structure is another factor, because high fixed costs stimulate cutting prices in order to fulfill capacity. The degree of differentiation affects the rivalry as well, as commodity products incites more competition, while differentiated products are often related to less competition. Lastly, exit barriers, that can be linked to absence of opportunities in other markets or high expenses for leaving the market, increase rivalry in markets. (Hollensen 2007) Other authors have also highlighted the importance on market concentration in market potential assessment (cf. Johansson 2000, Cavusgil et al. 2004).

Aaker (2011) presents a few factors that affect the competitive climate in markets. Firstly, the number of competitors in the market affects competition, since more competitors means that the competition is more intense. Furthermore, the competitors' market share also impacts competition. The second factor is the products on the market, are they similar to each other or are they unique. High fixed costs in a market also affects competition, since surplus of products or price pressures might be rough on companies in the market. Lastly, exit barriers might increase competition, if companies are bound to the market by lengthy contracts or market-specialized products. (Aaker 2011) Aaker et al. (2006) mention that most companies follow up on their competitors' market share, in order to distinguish the main actors and to understand how competitors' market shares have grown or shrunken during the years, i.e. which competitors have taken a piece of other companies' sales.

3.2.3 Brands compared with private labels

In this thesis brand refers to a product that is being sold by a manufacturer under their own brand name (e.g. Coca-Cola, Pepsi), while private label refers to retailer's own label that might be produced by another manufacturer (e.g. Pirkka, sold in K-Group's stores, Rainbow, sold in S-Group's stores).

In the past, brands have had a strong hold in the retailing industry, but during the last years private labels, in other words retailers' own brands, have become more popular among customers and private labels are showing larger growth than brands according to Kotler &

Armstrong (2010). Retailers are offering private label brands and a wide product assortment of high quality nowadays, instead of only providing a cheaper alternative to brands. Retailers have plenty of power in the matter since they decide what brands and products they sell in their stores. Furthermore, retailers are often able to offer their products to a cheaper price compared to brands. In addition, private labels offer higher profit margins to the retailers, even though they might be expensive to launch at first. In order for brands to be able to compete with private labels in today's world, they need to focus greatly on research and development of their products, for example by presenting new brands, enhanced products or higher-quality products. Brands can also improve their co-operation with distributors and focus on advertising, to stay competitive. (Kotler & Armstrong 2010)

According to a study by Martos-Partal (2012), private labels have become popular in consumer-packaged goods and by innovation strategy, i.e. producing new innovative products, brands could combat this trend. For products where the retailers' interest is low, but channel power is high, companies can preserve or grow their market share in these markets by innovating. When innovating in this category, brands can provide consumers new features that private labels are unable to offer. The other category is when retailers' interest is high, but channel power is low, and for these products brands can innovate to keep their existing market share. (Martos-Partal 2012)

The popularity of private labels changes depending on the economic situation. When the economy is challenging, private labels grow in popularity, meaning that when the economy is strong and stable, the private label market share usually decreases. Over half of businesses that produce branded B2C goods also manufacture private-label products as well, which means that businesses can fight private labels by competing with them and/or by manufacturing private label products. Private labels have a strong position in Europe's supermarkets, meaning that retailers have a vast influence on producers. This is partly because a few domestic chains control the grocery market in Western Europe. (Quelch & Harding 1996)

3.2.4 Market segmentation

When thinking about a market, there are many potential customers, products and needs that exist in it. When entering a market, companies need to decide which segment has the highest potential. Companies can use market segmentation to break up customers into smaller groups, in other words segments. The segments can for instance be based on geographic factors, demographic factors, the customer's needs or shopping behavior, and the different segments might need different kinds of products or different kinds of marketing strategies. When companies have formed different types of market segments, they can choose which segments to enter by assessing their potential. Some companies decide to focus on only one specific segment, while other companies might want to focus on many segments that are related to each other. Companies might also start by focusing on one segment at first, while later adding more segments if companies are successful in the market. For companies to be able to distinguish themselves from competitors in the market, they can either try to create a specific position for their product, meaning why a customer would want to buy specifically their product or companies can focus on differentiating their product on the market, to give customers more value. (Kotler & Armstrong 2010)

In order for market segments to be beneficial for a companies, Kotler & Armstrong (2010) recommend that the different segments need to be *measurable* (market size, purchasing power and different segment variables need to be measurable), *accessible* (market segments should be accessible and servable), *substantial* (segments ought to be large enough or lucrative enough), *differentiable* (segments should be identifiable and have different needs) and *actionable* (to serve segments, product or marketing differentiation can be planned to interest them).

3.3 Market entry modes

Madhok (1997) presents two important factors that impact decisions regarding foreign market entry. Businesses' decision for foreign market entry is the first factor, i.e., the *motivation* to enter a new market. Generally, when companies decide to enter a new market, this is done either to profit from a benefit, reinforce their current advantage or to cultivate a completely new advantage, which can be associated with existing benefits. The

process by which companies choose to enter specific market, simply put the *chosen entry mode*, is the second factor impacting market entries. (Madhok 1997) Choosing what market to enter and choosing a suitable market entry mode are closely linked, but these are still two separate decisions (Papadopoulos & Jansen 1994; Arefjevs et al. 2013).

One definition for entry modes is that they are a structural arrangement permitting companies to execute a market strategy in a new country, by simply conducting marketing activities or manufacturing there (Sharma & Erramilli 2004; Ulrich et al. 2014). Entry modes have also been characterized by Root (in Andersen 1997) as an institutional structure for arranging and performing international business (e.g. transfer of contracts, joint ventures). Andersen (1997) states that one key element of internationalization is entry mode and when examining companies' internationalization, the chosen entry mode is a vital part of it. Another important part of international marketing is selecting a suitable entry mode for a specific foreign country (Wind & Perlmutter 1977; Andersen 1997). Erramilli & Rao (1990) mention a few ways how businesses can enter foreign markets; exporting, contract agreements and foreign direct investment (FDI).

3.3.1 Different market entry modes

Kotler, Armstrong, Saunders & Wong (2005) present a few different market entry modes. The first market entry strategy is *exporting*, which is the easiest option of market entry, meaning that the firm manufactures the product/service in their domestic market and exports them to another market. Exporting can be done by indirect exporting; co-operating with an international agent or by direct exporting; the firm handling their export processes themselves. (Kotler et al. 2005) Johansson (2000) also mentions direct marketing as an exporting mode, (e.g. telemarketing or catalog shopping). According to Agarwal and Ramaswami (1992) exporting doesn't require a great number of resources, and this can mean a low risk, but also low returns.

Another mode for market entry is *joint venturing*, which means that companies co-operate with foreign firms to enter the foreign market through manufacturing or marketing a product/service. Joint venturing includes market entry modes such as licensing, contract manufacturing and joint ownership. (Kotler et al. 2005) Licensing includes franchising, where companies support the franchisees by capital, expertise and managerial support

among others (Johansson 2000). Agarwal and Ramaswami (1992) mention that this entry mode requires low investment, which in turn means that risk, profit and control depend on the amount of equity investments by the investing firm. When companies collaborate in order to share or trade actions, this is called *strategic alliances*. Companies can collaborate by sharing the same distribution network or by collaborating regarding production or research and development. (Johansson 2000)

The last market entry mode is *foreign direct investment (FDI)*, which means that the firm creates an assembly or production facilities in the foreign market. This entry mode has four great advantages that include reduced costs (affordable workforce, cheaper materials, or reduced shipping costs), creating jobs in the foreign market (improving the opinions regarding the firm), more customized products for the market (by a good relationship with important stakeholders) and better supervision over the investment (possibility to develop policies relevant to strategic, global goals). (Kotler et al. 2005) Johansson (2000) mentions that a new assembly facility doesn't need to be established, companies can also acquire plants that already exist. A manufacturing facility in new markets companies are entering, can help ensure a stable flow of products for the new customers. Furthermore, it might help create specific products that suit the needs and preferences of the customers. Exporting is usually needed when companies conduct FDI, since parts or raw material might be needed from the home market. (Johansson 2000) Kotler et al. (2009) mention that companies might choose different market entry modes even in similar markets, because of their available network relationships.

3.3.2 What impacts companies' choice of entry mode

According to some theories, companies ought to base their decision for market entry modes on which entry mode presents the highest return compared to the risk of the investment (Agarwal & Ramaswami 1992). There are many frameworks that have been created to understand companies' entry mode choices (Andersen 1997). According to Agarwal and Ramaswami (1992) countries that present low market potential, might be unattractive for foreign firms looking to enter new markets. Nevertheless, large companies that already have a strong position in a domestically or internationally can be interested in these lower-potential markets to gain growth and return goals (Agarwal & Ramaswami 1992).

Agarwal and Ramaswami (1992) have conducted a study where they researched how companies' ownership benefits, market location benefits and benefits regarding internationalization of transaction incorporation impacts the decision regarding market entry modes. *Ownership advantages* presented by the authors are the size of company, experience of international markets and capability of inventing and manufacturing differentiated products. *Advantages regarding location* are the potential of the market and the risk of investment. Lastly, the *advantages regarding the internationalization process* are risks regarding contracts and legal issues. According to the findings of the study, many companies would prefer to enter new markets through direct investment, but the companies' size and previous international experience impact the possibility to use this mode. Furthermore, the study shows that many companies use investment entry modes in markets with high potential, but large MNCs might also use these modes in markets with a lower potential, if entering these markets is needed for their strategic advances. Many companies are still cautious about entering markets that are believed to be risky. (Agarwal & Ramaswami 1992)

Johansson (2000) mentions that entry barriers might also affect companies market entry mode (e.g. government regulations, transportation costs, tariffs, required licenses and brand loyalty). The different market entry barriers might also lead to higher costs, which in turn leads to higher product costs, also for the consumers. (Johansson 2000) In other words, the different barriers and their costs affect companies' choice of markets entry modes.

3.4 Summary of the theoretical framework

To summarize the theoretical framework, i.e. chapters two and three, many companies are interested in internationalization, due to numerous reasons. Some companies want to grow and expand abroad due to their limited home markets, while others enter new markets in order to stay competitive or to attain more profitability. The Uppsala model of internationalization (Johanson & Vahlne 1977) presents that companies tend to enter markets that feel similar to their home market, with regard to language, culture and often also geographical location. Furthermore, some studies show that Nordic companies tend to internationalize because of their small, contented home markets and that they tend to

internationalize progressively by first entering similar markets and later entering more markets, similarly as presented in the Uppsala model. There are some risks with internationalization, so understanding the markets, learning more about possible risks, having sufficient production capacity and funds, and preparing for possible problematic situations is important for companies before expanding.

Furthermore, different models for assessing market potential presented in literature and articles were presented, including Cavusgil's model from 1985, a model including country ranking and clustering by Cavusgil et al. (2004), a hybrid model by Sheng & Mullen (2011), as well as an industry specific model by Ozturk et al. (2015). Market entry modes were also presented shortly, including exporting, joint venturing, and foreign direct investment.

There are a few factors that are included in multiple frameworks and can thus be seen as especially relevant when assessing market potential. Market size, risk factors, access to market and culture are some of the topics mentioned in multiple frameworks (cf. Sheng & Mullen 2011, Cavusgil et al. 2004). Moreover, many articles mention the importance of industry specific factors (cf. Sheng & Mullen 2011, Ozturk et al. 2015) and therefore, some industry specific factors relevant for the case company have been identified, including the differences in private labels and brands, level of competition and market size and growth.

4 Methodology

In this part of the thesis, research methods in general will first be presented and then the chosen methodology for the study will be presented more in depth. Additionally, the advantages of the chosen method will be introduced, as well as some criticism towards the research approach. Reliability, replication and validity will also be discussed.

4.1 Introduction

This thesis was conducted as part of a project within Company X, where European markets were compared and analyzed, in order for the case company to find a market with the highest potential. Furthermore, the writer created a market assessment framework, partly based on the project and its objectives, and partly based on frameworks presented in the theoretical part of the thesis.

The project group consisted of four participants: a Project Manager, an Insights Manager, a Portfolio Manager and a master's thesis student, i.e. the author. The project was also presented to the Business Director of Company X and the Business Director's reactions to the progress of the project, as well as the market potential framework are part of the thesis data collection, in the form of qualitative data. During the project the author participated in a quantitative analysis of quantitative data, researched additional information regarding markets in the form of quantitative data and qualitative data, and made field notes and observations during the project, i.e., qualitative data. Because of the nature of the project within Company X, a suitable research method for this thesis is mixed method research, since quantitative data is used and qualitative data is needed to further understand the markets, as well as for the author to be able to compare a real case of market potential assessment by a company, with the frameworks presented in theory in order to be able to create a market potential framework based on both theory and practice to be used in the packaged consumer goods in the specialist retail industry.

During the project work, which continued from October 2020 to June 2021 for the author's part, the project group had meetings between once per week to once every three weeks, depending on the situation of the research process, holidays and the group members'

schedule. Usually, the whole project group was gathered, but at times only certain members of the group have met. The author has had some private meetings with the Insights Manager, since they have also been instructing the author with this thesis. Furthermore, the author worked on the quantitative analysis together with the Category Manager, in order to decide which numbers and factors should be analyzed from Euromonitor and how the risk factors could be included. The author has also met with the Project Manager a few times, to receive some feedback to conducted research or presentations, or in order to gain more information of next steps, as well as to discuss the topics investigated in the market research project.

4.2 Research method: A mixed method approach

A suitable method is needed when conducting research, i.e. an approach for finding answers and new knowledge within a certain field. In research, the method is used as a tool or an instrument. How information is obtained, organized and interpreted is impacted by the chosen method. (Larsen 2018) There are two main types of methods that can be distinguished: qualitative and quantitative research. Before conducting research, deciding what you want to achieve and choosing the method accordingly is important. The main difference between a qualitative and a quantitative study is in the data collection; different types of methods lead to a specific type of data. Quantitative data can usually be measured in numbers, while qualitative data usually focuses more on attributes and are immeasurable. (Larsen 2018)

Mixed method research can be defined as a study that utilizes both qualitative and quantitative data during the data collection and/or data analysis and the data collection might be done either simultaneously or successively, combining it in only one phase or multiple phases of the research (Creswell 2003; Hurmerinta-Peltomäki & Nummela 2006). In the field of business and management research, combined research models, i.e., mixed method or multi-strategy research models can be used (Bryman & Bell 2011). Within the field, the usage of mixed method research has been seen as needed by researchers, but the method is still used less than single-method approaches (e.g. Clark et al. 1999, Peterson 2004; Hurmerinta-Peltomäki & Nummela 2006). In some cases mixed methods are not seen as a separate approach, instead studies are classified as either quantitative or

qualitative studies, which implies that mixed method research still has a smaller position (Andersen & Skaates 2004, Mendenhall et al. 1993, Werner 2002; Hurmerinta-Peltomäki & Nummela 2006).

Bryman and Bell (2011) have made a few observations regarding mixed method research. They highlight that planning and conducting all types of research, including mixed method research, in a professional manner is needed to ensure the results are trustworthy. The research questions or research subject should also be suitable for a mixed method study, since working with relevant data and preventing additional data collection in vain is important. The authors also mention that presenting clearly why a mixed method research approach has been chosen for the study is needed, in order for the correlation between the chosen method and research questions to be clear and what the authors want to accomplish with the chosen approach. Moreover, thinking of mixed method research as a whole, instead of focusing on the qualitative and quantitative factors as separate sections is recommended. Presenting necessary details about the methodology, for both the qualitative and quantitative part of the research is also relevant. Sometimes, one of the components is more thoroughly explained, but sampling, research design and the data analysis of both datasets need to be presented evenly. (Bryman, Becker & Sempik 2008, O’Cathain, Murphy & Nicholl 2008; Bryman & Bell 2011)

The research process of the thesis has been thoroughly planned, where the author has first worked with the quantitative data, and later worked with qualitative data, in order to fill in gaps where more knowledge is needed for Company X’s project. However, for the thesis, the author has gathered observations throughout the whole market research process. Including observations in the thesis was not part of the original plan, but fortunately field notes from each meeting have been made, in order to be able to recollect what was discussed. When the author joined the project and started to work on the thesis, they were undecided on how to present the qualitative side of the project and thesis. Observations were chosen as the method, so the author would be able to present what the research process has looked like as a whole, as well as discussions in the project group and how country specific market information has been researched and found.

4.2.1 Different approaches to mixed method research

There are several different approaches for how to conduct mixed method research and Hurmerinta-Peltomäki & Nummela (2006) have identified 13 different options on how to combine qualitative and quantitative research. Some examples of the options are one type of data with another type of analysis (e.g. qualitative data with quantitative analysis), two types of data with one type of analysis (e.g. quantitative and qualitative data with quantitative analysis of both datasets), one type of data with two types of analysis (e.g. qualitative data with both qualitative and quantitative analysis), two types of data with two types of analysis (e.g. quantitative data with quantitative analysis and qualitative data with qualitative analysis) and so on. (Hurmerinta-Peltomäki & Nummela 2013)

Earlier mixed methods were mainly used during data collection, but later this method was introduced into other phases of the research process (Bryman 1992, Creswell 2003, Patton 1990, Scandura & Williams 2000, Sechrest & Sidani 1995; Hurmerinta-Peltomäki & Nummela 2013). According to Hurmerinta-Peltomäki & Nummela (2013), four steps can be defined methodically: *initiation*; before collecting data (e.g. when establishing the focus of research), *implementation*; during the data collection (cf. Creswell et al. 2003; Hurmerinta-Peltomäki & Nummela 2013), *integration*; after the data analysis and comparison (cf. Creswell et al. 2003; Hurmerinta-Peltomäki & Nummela 2013) and *interpretation*, after the conclusions have been made.

When working with mixed methods research Bryman & Bell (2011) also present different approaches for using the method. One approach of this research method is *triangulation*, which means that results from one research method are ensured or verified by using another research method. Another approach for mixed method research is that *qualitative research facilitates quantitative research*, where the qualitative research steers the quantitative research. The following approach is *quantitative research facilitating qualitative research*. When conducting research and neither a quantitative or qualitative method can unaided provide reliable results, one method can support the other in order to gain valuable outcomes and this approach is used to *filling gaps*. Quantitative studies might offer a more static depiction of a situation, but also disclosing regularities, while qualitative studies might show a more processual depiction of the situation. Therefore,

using a mixed method approach could help show both sides of the situation and this approach is called *static and processual features*. (Bryman & Bell 2011)

Another approach is *research issues and participant's perspectives*, which can be applied when researchers want to learn more about their participants by using qualitative data to learn about the respondents' perspectives and quantitative data to discover certain matters, they are interested in. The next approach is the *problem of generality*, where a combination of quantitative and qualitative methods are used in order to improve the generalization of a study's results (e.g. by using a quantitative aspect when analyzing qualitative data). *Qualitative research facilitating the interpretation of the connection between variables* is an alternative approach, since one problem in quantitative research is explaining the connection between different variables. (Bryman & Bell 2011) The following mixed method approach is *studying different aspects of a phenomenon* and this approach combines micro and macro levels, with phases of the research process, offering a more general expression (Bryman 1988; Bryman & Bell 2011). The last approach is *solving a puzzle*, where unexpected results from a study can be investigated by using another research method than originally planned (Bryman & Bell 2011).

In this thesis, the quantitative data will be analyzed quantitatively and the qualitative data qualitatively, so in this case there are both two sets of data, as well as two types of analysis. The first step during the case company's market potential research was the quantitative analysis of quantitative data, which then implied which markets should be investigated further. Therefore, in the case of the market research project at Company X quantitative data facilitates qualitative research. In this thesis, however, it can be seen as filling in the gaps, where the observations of how market research was conducted at a company is presented with the support of how the quantitative analysis of quantitative data was conducted by the author and the project group during the market research project. When working on this thesis, the author has worked with both quantitative and qualitative data throughout the whole process.

4.2.2 Strengths and challenges of mixed method research

As presented, researchers might decide to use a combination of qualitative and quantitative methods in the same research. Since all research methods have some weaknesses, using

multiple ones might counterbalance one method's weaknesses by another one's strengths (Larsen 2018). According to McGrath (1982; Hurmerinta-Peltomäki & Nummela 2006) no research method is complete or perfect, which means that diversity in methods is highly recommended. Karl Weick (1979; Hurmerinta-Peltomäki & Nummela 2006) has presented that when working with a complicated situation, a limited research method discloses only a small portion of the reality. Thus, a mixed method approach might offer a wider presentation of a complex problem.

Doyle, Brady & Byrne (2019) mention that one of the key challenges regarding mixed methods research is the problem of conflicting results and handling them. For most researchers, consistency amid quantitative and qualitative findings is the objective, but through conflicting findings researchers might discover new theories and understanding (Creswell et al. 2008; Doyle et al. 2019) The discrepancies between the two kinds of results are required to be recognized and the differences need to be tackled by researchers, since a study's quality might be negatively affected if these contradictory results are disregarded (Ivankova, 2014; Doyle et al. 2019).

There has also been some criticism towards the use of mixed methods, with two common arguments. The first argument, *the embedded methods argument*, is that quantitative and qualitative research methods have different kinds of epistemological and ontological obligations, meaning that the research methods are not just an approach for data collection, but have a certain commitment. (Bryman & Bell 2011) Some argue that the two different research approaches encourage various procedures, and the epistemological significance is different, meaning that the two approaches should not be seen as complementary (Smith 1983; Bryman & Bell 2011). The second argument is the *paradigm argument*, claiming that qualitative and quantitative research are paradigms, where epistemological expectations, values and methods are inseparable and are not compatible (Guba 1985; Morgan 1998; Bryman & Bell 2011). Thus, this argument implies that when quantitative and qualitative research are combined, this happens only on a shallow level in one paradigm, since they are contrary. It has not been proven that the different research methods would be paradigms, some commonalities and overlaps can be found between quantitative and qualitative research. Furthermore, both research methodologies are versatile and can be allocated for different tasks. (Bryman & Bell 2011)

When the author worked with the quantitative and qualitative data, there were not any large discrepancies between the two datasets, though the author was prepared that this might happen. Since the quantitative data, which has been the starting point of the research, is based on secondary data the author worried that there might be some issues with the data. The author was prepared to have to make some clarifying research and double check some numbers and one project group member did double check some numbers, but the numbers purchased by Company X were seen as reliable.

4.3 Data collection

The data for the thesis has been collected between October 2020 and June 2021. Since the research includes both quantitative and qualitative data, some information regarding the data collected, the data sources and whether the data is classified as quantitative or qualitative is presented in the table below.

Table 2 Presentation of collected data and thesis' timeline

Data collected	Sources	Qualitative/quantitative analysis	Data collection schedule
<i>Market data (market size, market growth)</i>	Euromonitor	Quantitative – part of the quantitative analysis	October 2020 – December 2020
<i>Market data (country risk, corruption, EPI, EU membership)</i>	Atradius, Transparency International, Environmental Performance Index	Quantitative – part of the quantitative analysis	November 2020 – December 2020
<i>Market data (brand shares, retailers, distribution channels)</i>	Euromonitor	Quantitative – part of the qualitative analysis	January 2021 – April 2021
<i>Market data (product features, raw</i>	Internet searches,	Qualitative – part of the observations	January 2021 – April 2021

<i>materials, logistics, culture)</i>	Chambers of Commerce		
<i>Observations (project meetings, presentations)</i>	Field notes, recordings	Qualitative observations	– October 2020 – June 2021
<i>Interviews</i>	Recordings, transcript, notes	Qualitative observations	– May-June 2021

4.4 Data sources

In this chapter of the thesis, the data sources of both the quantitative as well as the qualitative data will be presented.

4.4.1 Quantitative data sources

“Euromonitor International is the world's leading independent provider of strategic market research. We create data and analysis on thousands of products and services around the world.” (Euromonitor International, n.d.a)

Euromonitor offers market research data and insights for both business and consumer industries and they offer different kinds of tools for businesses’ versatile needs. Currently Euromonitor employs over 1000 analysts in over 100 countries. (Euromonitor International, n.d.b) Euromonitor uses both primary data collected by them, (e.g. through surveys, case studies and focus groups), as well as with secondary data (provided by e.g. governments, trade associations or relevant companies within industries) (Goñi, 2017). During the project, the data from Euromonitor regarding Company X’s special retail industry and products, as well as the retailing industry in general were investigated. Through Euromonitor, Company X had access to sales numbers from previous years, predicted growth in the upcoming years, company market shares, trends, sales channels and more. For Company X’s specific industry and products data were available for 13 European countries, therefore these countries were investigated.

One of the other factors that was chosen and identified for the quantitative analysis was the Environmental Performance Index (EPI) by Yale University. The Environmental Performance Index gives countries points based on multiple factors regarding sustainability and the countries are ranked based on the points (the higher the points, the better the result). The environmental factors considered in the EPI are 32 in total and these factors are classified into 11 categories which are: air quality, sanitation & fresh water, heavy metals, management of waste, biodiversity & environment, work for ecosystems, fishing, climate change, emissions, water resources and farming. The diverse metrics indicate how close the different countries are to recognized sustainability and environmental objectives and a total of 180 countries are included in the evaluation. The methodology and chosen metrics for the EPI are changing based on new findings regarding sustainability. (Wendling, Emerson, de Sherbin & Esty et. al. 2020) Yale University has also asked the Joint Research Centre of the EU to review the Environmental Performance Index from 2020 to guarantee that the methodology of EPI is transparent and that the findings are reliable. The Joint Research Center found that the EPI is trustworthy and can be seen as a reliable barometer to compare environmental performance in different countries. (Papadimitriou, Fragoso Neves & Saisana 2020) Sustainability is important for Company X and is one of their core values. Therefore, it was relevant to consider sustainability in the different countries in order to see which countries share the same interest and where Company X's products could be interesting for consumers.

Another factor that was identified as important regarding market potential by the case company was the economic environment, i.e., how risky the country is perceived to be. Atradius is a company specializing in trade credit insurance, guarantees and collecting debts (Atradius n.d.a). Atradius offers a country risk map, which is based on a STAR-ranking system. The abbreviation STAR signifies "sovereign transfer and arbitrary risk", and the STAR-rating evaluates how risky a country is (Atradius n.d.b). Countries are given a rating between 1-10, which signify low risk (1-2), moderate-low risk (3-4), moderate risk (5), moderate-high risk (6-7), high risk (8-9) and very high risk (10). In a broad sense, country risk refers to how stable the economic situation in a country is, which in turn affects investments and revenues in the market. (Atradius n.d.b) With sovereign transfer, Atradius refers to a probability measure of a country's inability to service or repay its foreign debts due to economic factors. From this perspective, sovereign distress is believed to obstruct the possibility to fulfill cross-border obligations by both public and private parties.

Arbitrary risk refers to unpredictable actions by the government, that might affect a country's private and public parties' possibilities to pay their cross-border debts. In this case, Atradius is assessing the risk of sovereigns making these decisions out of free will, not because it's essential to the economy. This assessment is made based on government's previous and present decision-making. (Atradius, n.d.c) According to Atradius (n.d.c), the country risk map with STAR-ratings is more focused on the political climate in the country, but since much focus is on countries being able to pay their foreign debts, it was considered to represent the economic climate in the country as well by the project group.

Another factor when thinking of country risk is the political environment and how the government works in different countries. Transparency International is multinational organization that works against corruption around the world (Transparency International n.d.a). They provide a Corruption Perceptions Index (CPI), where they issue scores of 0-100 to different countries in the world, in order to rank how corrupt these countries are. The CPI is based on how corrupt specialists and businesspersons consider the public sector to be in a certain country. For the CPI, 13 different sources are used and at least three reliable sources are needed per country in order for them to be ranked by Transparency International, which means that some countries are missing from the list due to insufficient sources. When measuring corruption, CPI includes topics such as bribery, misappropriation of public assets, usage of public office for private benefit without repercussions and taking efficient action against corrupt officials. (Transparency International, n.d.b) During the project, the market data from Euromonitor and the additional factors regarding trade barriers were considered separately.

The last trade barrier examined for the quantitative analysis was EU Membership of the 13 countries investigated, since conducting trade with fellow EU members than with European countries that are not part of the EU, when trade agreements would need to be considered and investigated.

4.4.2 Qualitative data sources

While the author has been working with the quantitative data, they have also gathered qualitative data in the form of observations throughout the project as mentioned previously. Since the author has been part of the project group, they have been able to

follow a real example of how a company conducts market research to find one or more interesting markets that could be suitable for the company to enter.

The author has made field notes of their observations during the project and a couple of meetings on Microsoft Teams have also been recorded. When the author has been observing the research process at the case company, they have also been investigating a country Company X is interested in and tried to learn more about this market, both in terms of finding out what is relevant to know about a market from a theory perspective, as well as researching the country online, contacting relevant offices in order to learn more about the market and so forth.

4.5 Data analysis

During the project work for Company X quantitative data has been analyzed mostly quantitatively as well as in the thesis, but some of quantitative data has been considered and further investigated in the deep dive of the project, i.e., the qualitative research part of the project. The qualitative part of the project work has been analyzed qualitatively during the project and in the thesis the observations are also analyzed qualitatively.

4.5.1 Quantitative analysis

Secondary analysis of data most often suggests the process, when data has been collected by someone (e.g. researchers, companies, or governments) and is later considered and analyzed by another researcher, who has not been part of the data collection. Though, in various cases researchers might conduct primary research and make conclusions based on this research and data, but later use the same data again for other purposes, which can also be seen as secondary analysis. Furthermore, secondary analysis can be combined with collection of new, primary data. (Bryman & Bell 2011)

Secondary analysis can refer to analyzing both quantitative (Dale, Arber & Procton 1988; Bryman & Bell 2011) or qualitative data (Corti, Foster & Thompson 1995; Bryman & Bell 2011), but in this thesis the focus will be on secondary analysis of quantitative data. Advantages of conducting secondary analysis are multiple. To mention a few, it might save time and costs, since collecting primary data is often time-consuming and requires

resources. Furthermore, secondary data is often extensive, based on high-quality sources and has been collected by skilled researchers. (Bryman & Bell 2011)

When analyzing quantitative data, numerous approaches for data analysis exist. One of the simplest methods is univariate analysis, where the researcher focuses on the distribution of values one variable at a time. Univariate analysis is usually presented in the form of frequency tables, diagrams, or statistical measures. (Larsen 2018) Diagrams are often used to demonstrate quantitative data, since diagrams are often clear and understandable. Both bar charts and pie charts can be used, in order to present differences in values of one variable. (Bryman & Bell 2011) Another approach for analyzing quantitative data is bivariate analysis, where the researcher focuses on correlations between two variables. The value of one variable is linked to the value of another variable when investigating this type of correlation. Bivariate analysis can also be presented in three different ways: cross tables, diagrams, or statistical measures. (Larsen 2018)

In this thesis, parts of the quantitative data will be analyzed through univariate analysis and other parts of the data will be analyzed through bivariate analysis. Both the univariate and bivariate analysis will be done in the form of different diagrams in Microsoft Excel.

4.5.2 Qualitative analysis

When making observations, researchers should make notes, in order to remember the observations that they make (Bryman & Bell 2011). Observations can be used both in quantitative and qualitative research, but they are more commonly used in the latter. Observations are based on both what the researchers sees and hears, but also on their interpretations of these. (Larsen 2018) Observations should include a few aspects according to Lökken & Söbstad (2013; Larsen 2018); date, time and duration, place and notion of persons present, description of the situation and participants behavior, as well as an interpretation of what happened in relation to literature and earlier research. Observations can be conducted as both as laboratory observations or field observations, depending on the situation and environment of the observation. (Larsen 2018)

Observations can be conducted in multiple ways. In *non-participatory observations*, the researcher only observes the situation without interacting with the persons who are being

observed. During *participatory observations* the researcher is included in the situation that is being observed (e.g. by being a part of the organization observed). In *passive participatory observations*, the researcher tries to not to affect the situation he or she is participating in and only describe what is happening. When conducting *active participation observations*, the researcher tries to create different reactions by having an active role in the situation. In *open observations* the individuals being observed are aware of the researcher's presence and of their task, while in *hidden observations* the individuals being observed are unaware that a researcher is present and observing the situation. (Larsen 2018)

According to Marshall & Rossman (2006; Gibson & Brown 2009a), the focus of qualitative data analysis is to examine general statements regarding relationships and core themes, which means that when analyzing the relationship of the different elements of a study, general themes can be utilized. According to this view on qualitative analysis, identifying themes is central for the analysis (Gibson & Brown 2009b). When conducting a thematic analysis, three general objectives exist for the researcher according to Gibson & Brown (2009b): investigating commonalities, examining distinctions, and investigating relationships. When observing commonalities, the researcher should try to find all examples of the same factors in the data set, in order to analyze and split the commonalities into a deeper level. The purpose of the examination of differences is finding and examining distinctions and particularities in the data, in order to determine their relevance for the researched topic. The final step of thematic analysis is to investigate the relationship of the different factors included in the analysis, i.e., investigating how the different factors are connected to one another. (Gibson & Brown 2009b)

The author has made field notes and some recordings throughout the whole research process, following Lökken & Söbstad's notions (2013; Larsen 2018). The observations have been conducted as participatory field observations, since the author has been part of Company X's project group and market potential assessment process. In the qualitative analysis part of the thesis, the observations are compared and analyzed through different themes that have been identified as relevant or that have been prominent during the observations.

4.6 Reliability, replication & validity

When conducting research in the field of international business, Bryman & Bell (2011) present three important criteria for evaluating research: reliability, replication and validity. Reliability focuses on if the results of a study can be repeated, in other words if a measure is consistent. In relation to quantitative analysis, reliability is especially at stake. Replication addresses if a study can be replicated, i.e., if another researcher can replicate a study's findings. In order for a study to be replicable, the researcher needs to explain the research process extensively. Validity concentrates on the integrity of the findings taken from a study. (Bryman & Bell 2011)

Furthermore, Bryman & Bell (2011) differentiate between a few different kinds of validity. The first is *measurement validity*, which focuses on if a measure truly represents the concept it stands for and it generally concerns quantitative research. Whether a conclusion incorporating a causal connection between at least two variables are coherent, is the focus of *internal validity or causality*. Whether a study's results are generalizable outside the particular research context is the focus of *external validity*. If a social science study's results can be applied to the regular life of people in their normal, social situations, i.e. extended outside the explicit research context, is the focus of *ecological validity*. (Bryman & Bell 2011)

There have been some discussions regarding the quality of mixed methods research, regarding if mixed method research should have its own tailored quality standards or if the quality should be assessed separately for the quantitative and qualitative research segments (O'Cathain 2010; Doyle et al. 2019). Currently, no recognized criteria for quality frameworks for mixed method research exist, but a few frameworks have been created (Ivankova 2014; Doyle et al. 2019).

For the thesis, the numbers in the quantitative analysis have been checked multiple times and the different functions and diagrams in Microsoft Excel have been tested to see that they are accurate. With regard to the numbers from Euromonitor being accurate, the author has trusted the accuracy of the data, since Company X has compared different companies and their data before making the data purchase from Euromonitor. During the research project some discrepancies between Euromonitor's and a competing company's numbers

were identified, but the differences were believed to be based on variances in the sources and forecast methods. When looking for a new, suitable market, only some specific topics were analyzed by the project group for Company X. If the focus would be changed (e.g. to the case company's other product group), the outcome and interesting markets could differ. Regarding replication, the author has tried to present the research process, the research topics and data sources as clearly as possible, so that the study could be replicated by someone else. The findings of the thesis are based on a multinational company's project and relevant theory, but since only one market potential assessment has been done by one company, the findings are more directional, and the subject could still be studied further.

4.7 Research ethics and confidentiality

Regarding ethics in business studies, four common concerns can be identified: harm to participants, insufficient consent, privacy invasion, and deception and these are connected (Diener & Crandall 1978; Bryman & Bell 2011). Regarding participant harm, the AoM Code of Ethical Conduct presents that confidentiality and anonymity are issues that need to be considered. Upon request, persons or businesses should not be identifiable in studies' findings. It can be difficult to anonymize companies in some cases, even if the name is not mentioned, since the company might still be identifiable (e.g. based on the industry or numbers). In order for participants to be able to give sufficient consent, researchers should give them all necessary information about the study, so they can make an informed decision on their participation. Regarding invasion of privacy, it is important that participants are well informed about what is studied and to let them withdraw their consent, in case they feel like the topic is too sensitive for them. Deception happens when a study is not presented honestly, i.e. the researcher is trying to hide what is actually studied from the participants. (Bryman & Bell 2011) Furthermore, Bryman & Bell (2011) emphasize that it is important to have an open communication about the research between all concerned parties.

The case company wanted to stay anonymous in the thesis, due to confidentiality reasons. It has been very important for the author to respect this wish by Company X and therefore the Company's name, the countries its active in, the project group members' names, more specific industry explanations and the case company's products are not presented in the thesis. Company X has actively been part of the author's writing process and the Insights

Manager, who has been helping the author during the project and writing, has also read the thesis a couple of times, in order to ensure the anonymity of the case company. The author has tried to present the research questions and data collection methods of the thesis clearly to Company X, in order to have sufficient consent on what can be presented. However, the case company and their reactions have not affected the results of the thesis, only in terms of reactions being part of the observations. The author has also presented the thesis and received comments from the case company.

4.8 Summary of methodology

In this chapter of the thesis, the chosen research method was presented. Mixed method is a research method, where quantitative and qualitative data are both used and there are many different options for how to combine these two datasets and their analysis methods. In this thesis, quantitative data are analyzed quantitatively, and this is done first, while qualitative data are analyzed qualitatively later in the research process. In this thesis, the quantitative data are mainly analyzed and used in the first step of research, while the qualitative data, observations, have been collected during the whole research process. Mixed method research has some strengths, since using two different methods might be able to fill in each other's weaknesses and present a fuller picture of what is being researched. It is still very important to figure out and present why mixed method research is the correct option for one's specific research project.

Below is a figure shortly presenting what the research process has looked like during Company X's project, and how the project has been analyzed in the thesis. Throughout the whole research process, the author has made observations of how the research is being conducted at Company X, as well as worked with the different steps in Company X's project. Observations were also made during Company X's quantitative analysis of the quantitative data and reactions and discussions from this time period are also included in the thesis' observations.

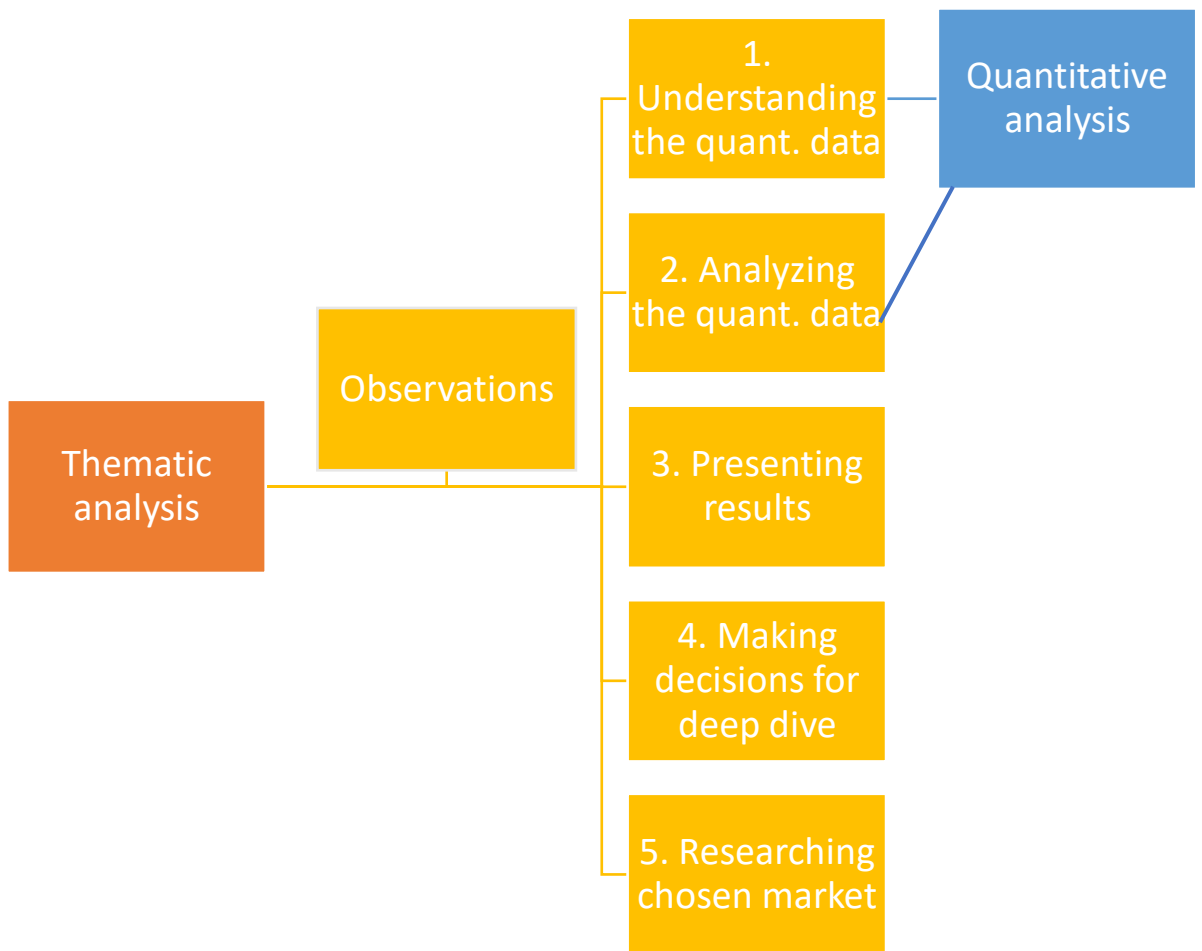


Figure 2 Data collection and analysis process for thesis

5 Analysis

In this chapter of the thesis, the quantitative data will be analyzed, the observations of how market research was conducted by Company X will be compared with the theoretical framework.

5.1 Quantitative market data

For the quantitative analysis of the thesis two major themes can be identified: one theme is market size and market growth, while the other theme is trade barriers. The analysis was conducted in these two steps as well; first the market size and predicted growth in the coming five years of 13 European countries in Company X's industry were investigated. Second, the market size and predicted five-year growth for one of Company X's product categories were analyzed. Later, these two factors were combined in order to rank the countries and discover which countries seemed most promising and should be further analyzed. After the ranking, the top 10 countries were investigated with regard to four trade barriers: CPI (Corruption Perceptions Index), Atradius Country risk, EPI (Environmental Performance Index) and EU membership. The different steps of the quantitative analysis will be presented next.

5.1.1 Industry specific market size

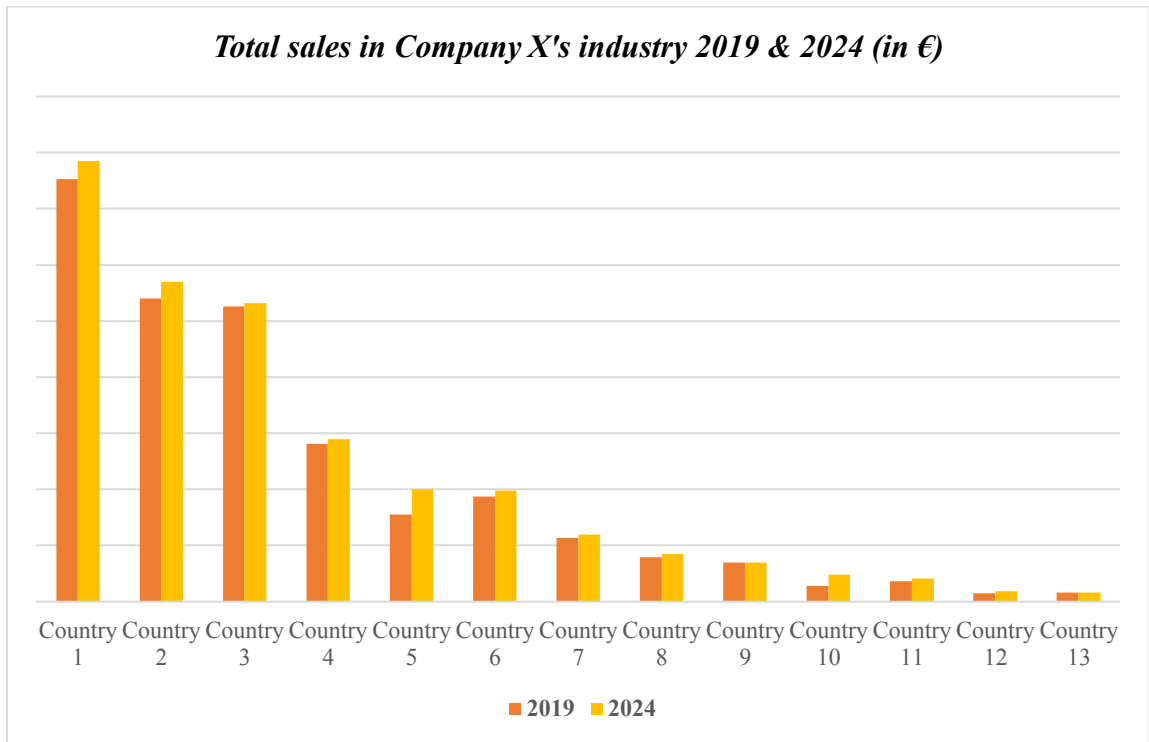


Figure 3 Market size in Company X's industry 2019 & 2024 (based on €)

In this graph the market size, i.e. the total sales in Company X's industry in 2019 and 2024 for the 13 countries being investigated can be seen. This graph is based on data from Euromonitor International. It can clearly be seen that Country 1, Country 2 and Country 3 are the largest markets in this specific industry and they are also predicted to grow in the coming 5 years. Most of the other countries are showing growth as well. However, Country 9 and Country 13's markets will remain the same size in the upcoming years. When comparing Country 9, Country 10, Country 11, Country 12 and Country 13 with Country 1, these five countries' market size seem to be roughly 1/8 of Country 1's market, indicating that these countries are somewhat smaller and are spending much less in this industry. Two countries are also showing significant growth in the coming 5 years, specifically Country 5 and Country 10; Country 5 seems to increase their sales with around 25%, while Country 10 seems to almost double their sales in a short time.

Multiple of the market potential assessment frameworks and models include market size in their analysis (cf. Johansson 2000, Czinkota et al. 2011, Cavusgil 2004, Sheng & Mullen 2011) indicating that this is a relevant factor to analyze when doing preliminary foreign

market research. A few authors have also mentioned market growth as a relevant indicator for market potential (cf. Arefjevs et al. 2013, McDonald & Dunbar 1995; Simkin & Dibb 1998, Cavusgil et al. 2004, Johansson 2000, Czinkota et al. 2011), indicating that market growth can be seen as a relevant factor when examining market potential.

5.1.2 Product specific market size

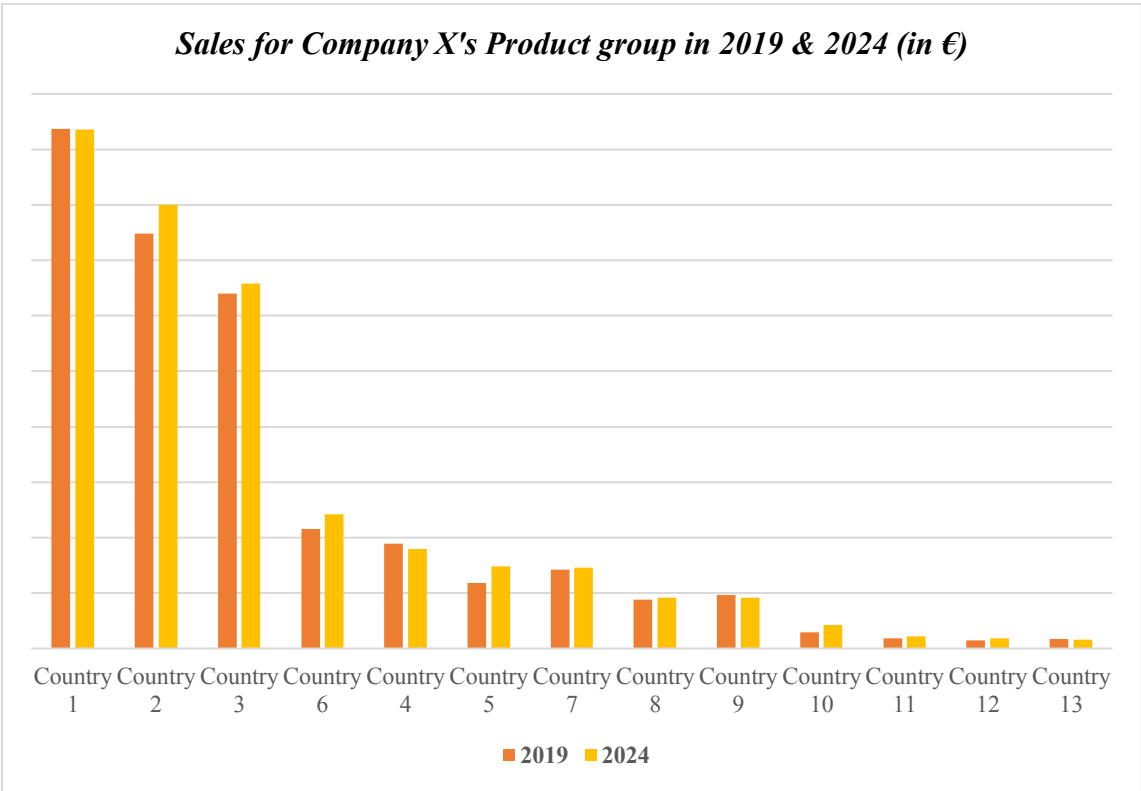


Figure 4 Market size in Company X's product category 2019 & 2024 (based on €)

Besides investigating sales in Company X's industry, examining sales for their specific product is relevant as well. One of Company X's most important product groups was chosen and the market size, i.e., the sales in the 13 European countries were examined. Again, the same three countries are the largest in market size in this product category: Country 1, Country 2 and Country 3. After this, the position of the countries has shifted some compared to industry market size between Country 4, Country 5, Country 6 and Country 7, while the same countries are showing the smallest sales in terms of industry and product category; Country 8, Country 9, Country 10, Country 11, Country 12 and Country 13. Most of the countries are showing some growth in the upcoming years, while Country 1, Country 7 and Country 8 are staying the same size. However, sales in Country

4, Country 9 and Country 13 are shrinking. This indicates that consumer interest in Company X’s product category is decreasing in these countries and Harrigan & Porter (1983) mention that declining industry sales might lead to more competition, but this depends on how many competitors might leave the market and how aggressively competitors staying on the market will fight for their share of the declining market. Thus, the competition might be more intense in the three shrinking markets. Considering growth in Company X’s specific product category in the 13 European markets can be seen as investigating customer interest and customer demand in these markets, where growing markets have an increased demand for their products, while demand is declining in shrinking markets. Customer demand or the sales potential for specific products are mentioned by some authors as a relevant market research topic (cf. Cavusgil 1985, Cooper 1993; Simkin & Dibb 1998, Arefjevs et al. 2013).

5.1.3 Combination of industry and market specific market size

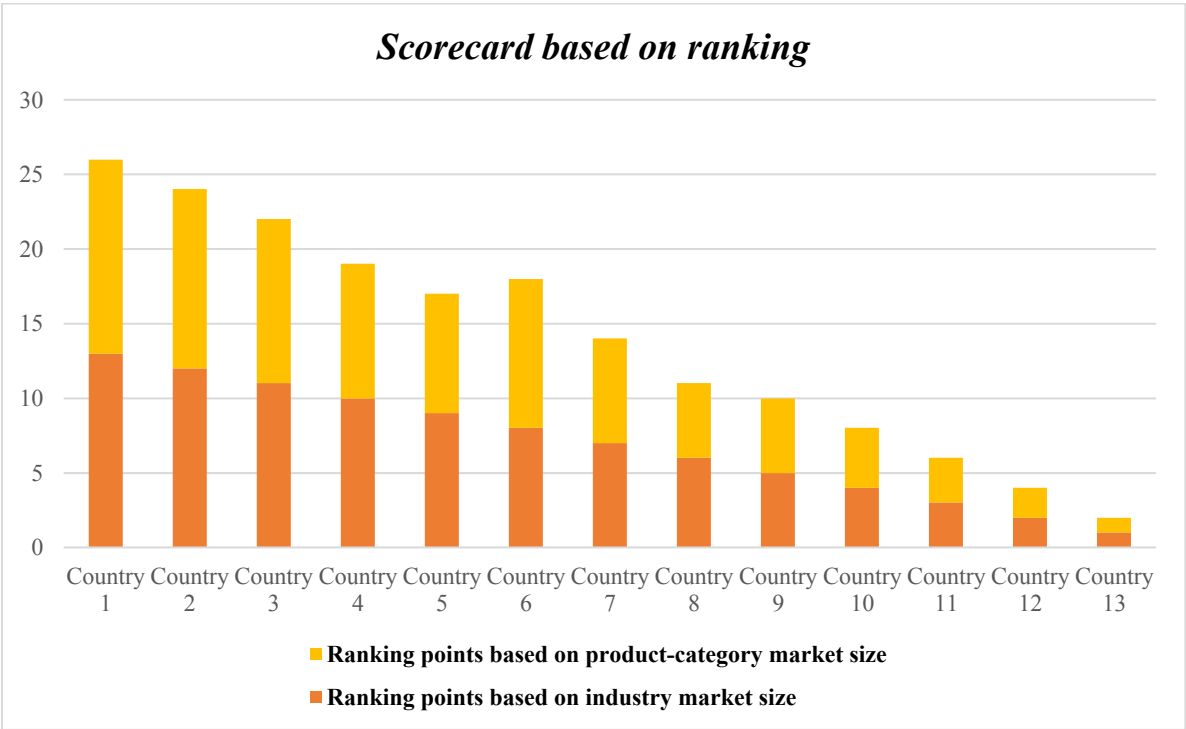


Figure 5 Scorecard based on ranking and forecasted market sizes

After analyzing the market size and growth of Company X’s industry and one of their product categories separately, these two were combined in order to rank the countries. The development of Company X’s whole industry might be interesting as a general indicator

for how consumers expenditure and interest in their industry is developing. Furthermore, Company X offers a wide variety of products in their field, so consumers might be interested in some of their other products, or general growth in their industry could indicate that other product categories might follow this trend later and market sizes might grow in the future. However, the current market situation and predicted growth for Company X's product category should be taken into account, since this is a product Company X mainly wants to enter the new market with.

In order to figure out which countries needed to be further investigated, the 13 European countries were ranked, based on the forecasted market size in 2024 of Company X's industry as well as the forecasted market size in 2024 of Company X's product category. Thereafter the markets gained points based on their ranking, where the country with the biggest market size was given 13 points and the smallest market 1 point, both for the industry and product market size, as can be seen in the graph above. There were some discussions within the project group about which factors to include in the ranking of the markets, but the Project Manager decided that the forecasted market sizes were most relevant for the project. The main goal with the ranking was to achieve a top 10 of countries, to analyze further with regard to trade barriers and risk. Cavusgil et al. (2004) use ranking as a method in their market assessment model and also mention that it is a commonly used practice in International Business research.

As can be seen in the table, Country 11, Country 12 and Country 13 fell out of the top 10, since they were small markets both in term of the industry and the product group. As a side note, none of them showed strong growth in neither the industry nor for Company X's product category. The top 10 of countries consisted of different markets in various sizes.

5.1.4 Country risk scorecard



Figure 6 Country risk scorecard for top 10 markets

When the list of 13 countries had been narrowed down to 10, a Country risk scorecard was created. In this part of the research, the Atradius Country Risk Map, the Corruption Perceptions Index (CPI), the Environmental Performance Index and EU membership were considered. For the score card all four trade barriers were transformed into an index of 0-100, where 100 is the maximum score. The EPI and CPI were already based on this type of index, but regarding EU membership member countries were given 100 points, while non-EU members were given 50 points.

Atradius gives countries a rank of 1-10 and the Atradius Risk Map does not explicitly present the specific rank of the countries, it only presents whether a country is classified as a low risk, moderate-low risk, moderate risk, moderate-high risk, high risk or very high-risk country. In order to transform the Atradius Country Risk into the score card, the maximum of points was divided by 6, where countries classified as low risk obtained 100 points, moderate-low risk countries 83,3 points, moderate risk countries 66,6 points, moderate-high risk countries 50 points, high risk countries 33,3 points and very high-risk countries 16,7 points. Based on this index-point scorecard, it was calculated how many % out of the maximum points (400) the different countries obtained. This percentage was turned into a 5-star system, by first converting the percentage into a 0-10 scale, by dividing the percentage with 10, and then dividing the 0-10 scale by two and ending up with a 1-5

star system. In the figure above, the result of the country risk score card with 1-5 stars is presented, but calculating how many points of the maximum 400 a country received or how many % of the maximum points the different countries achieved, is already a simple indicator of which countries are showing high potential with regard to market sizes and growth, combined with the amount of risk.

As can be seen from the scorecard, nine countries obtained more than three stars and could therefore be seen as fairly low risk countries, while Country 5 obtained only 2,7 stars, which indicates that this country is riskier than the others. Due to the high risk of Country 5, it was no longer perceived as an attractive market for the case company.

Country 1, Country 7 and Country 8 scored the highest points, but these are also markets that Company X is already active in. These three countries were only explored in this quantitative analysis, in order to compare these markets and their numbers with new, potential markets Company X could enter. This means that there are six markets left that could be interesting: Country 2, Country 3, Country 4, Country 6, Country 9 and Country 10. When investigating foreign markets to enter, different kinds of trade barriers and risks need to be investigated, but most of the factors examined here with relation to risk were mentioned in multiple sources. Investigating market risk is mentioned (Hollensen 2007, Kotler et al. 2009, Cavusgil et al. 2004), studying the political climate too (Hollensen 2007, Johansson 2000, Cavusgil et al. 2004, Cavusgil 1997; Ozturk et al. 2015, Cavusgil 1985), as well as examining the economic situation (Kotler et al. 2009, Johansson 2000, Cavusgil 1985, Cavusgil 1997; Ozturk et al. 2015). This indicates that these types of risks are relevant to include in foreign market assessment.

Cavusgil et al. (2004) present country clustering as an option for evaluating foreign markets' attractiveness and in this part of the research it was decided that countries would be clustered based on geographical closeness, in order to identify a cluster of markets that could be interesting for Company X. If an interesting cluster exists, Company X could start by entering one market and from there easily enter other high-potential markets close by later. Country 2 is geographically far both from Company X's current markets as well as the other European markets still potentially interesting, so it was left out of the clustering and ruled out as an interesting market. The countries still potentially interesting for Company X were grouped into two clusters; Country 3, Country 4, Country 6 and

country 9 were grouped into one cluster, and the other cluster consisted of Country 3, Country 9 and Country 10. What the market research process in whole has looked like and how the research continued will be presented in the next part of the thesis.

5.2 Observations

In this chapter of the thesis the observations made by the author regarding the process of market potential assessment during the case company's project will be analyzed with regard to the theoretical framework. Company X's project is also more thoroughly explained, and observations made during the quantitative analysis are included.

5.2.1 Observations from project start

When the thesis worker first joined the project group, the process began with familiarizing with the project and its planned steps of the market potential research, as well as the Passport-tool by Euromonitor. After familiarizing with the project and data, the focus was put on Euromonitor and what could be learned from the data available. When the project work regarding market potential started more seriously, some separate factors were investigated, including market sizes of the foreign markets in special retail, market sizes for a few of Company X's product categories and market sizes for a few product categories where Company X is not offering products. The main goal of the first step of the project work was to gain an overview of what the situation looks like in different markets and investigate connections to see if any numbers stand out. In this preliminary step of familiarizing and understanding the data, customer segments in special retail were also investigated. In this case, customer segments refer to distribution channels, i.e. where customers purchase their special retail products.

Furthermore, trends in the different markets on a basic level were considered, in case some interesting trends for Company X are growing in the markets, or the opposite; if it seems like interest in Company X's products are decreasing. During the familiarization phase with the data, it was noticed that a great amount of data was available through Euromonitor, and some datasets included extensive information, which will take a long time to go through. Due to time limitations, some of the factors that were originally planned to be included in the first stage of market research, were moved to the next stage,

to have a smaller dataset to work with. Company shares were available in many different forms: with regard to only the main company or to the brand names in the different foreign markets, for the whole special retail industry of Company X or for specific product categories. Depending on how fragmented a market was, there could be only a few competing brands on the market or there could be a long list of competitors in the market.

After considering the market sizes and trying to find some interesting trends and noteworthy numbers, the next step was the analysis of the quantitative data. The process began with an attempt at creating a score card, in order to rank the 13 markets that were being investigated. When working on the score card, the market size and predicted growth for the coming five years of Company X's special retail industry was investigated, as well as the market size and growth in the next five years for Company X's two product categories. All these elements were added as separate factors into the score card, meaning that the score card included six different factors in the beginning. After choosing the elements to be included on the score card, different weighing factors for the different elements, based on importance for Company X were worked on. It was challenging for the project group to figure out how to divide the weighing factors to the different elements. The author and the Category Manager had multiple meetings where they worked together on the data, both in order to understand it, as well as work on the quantitative analysis of the data to be able to create the score card. They tried to figure out which factors on the score card were the most important for the case company and some decisions were clear: one of the product groups was identified as more important than the other, but how to divide the weight coefficients between the whole industry and the secondary product group was a bit more difficult. Furthermore, deciding how much influence should be given to market growth, compared to market size was also difficult.

The original plan was also to include trade barriers in the score card, but deciding which trade barriers were more important than others was also difficult – since all are about risks Company X might face when entering a foreign market. Therefore, the idea of a score card was omitted during the project and the data to be compared and analyzed was further narrowed down for the quantitative analysis. How the work continued after the scorecard was already presented in the quantitative analysis part of the thesis (industry and product specific market size and risks) and will not be discussed here further. Instead, the next

phase of the market research after the quantitative analysis of the foreign markets will be presented next.

Once the topics for the quantitative analysis had been chosen and the analysis conducted, the results of the first phase of the market potential research was presented to the Business Director of the case company, in order to hear their feedback on the research that had been conducted until this point. Moreover, the project group was eager to hear what they felt about the planned next steps of the research and which countries they thought should be further investigated. The Business Director's reactions regarding the conducted analysis were mainly positive and they were also eager to hear more about what the members of the project group thought of the process. The Business Director had a few questions regarding some of the decisions and some of the topics included in the research and they also had a few of the notions if culture or languages would be a part of the market potential research. The Business Director felt that the countries presented by the project group as the ones with highest potential seemed interesting and that these could be further investigated in the next step.

5.2.2 Observations from deep dive

In the next step of the research, the deep dive into interesting countries, a set of interesting countries was chosen. However, even though a set of countries was chosen, a decision was made by the Project Manager to start by focusing on only one specific market from the cluster that seemed especially interesting and had shown high potential, Country 10. In order to analyze this country more in depth and investigate whether it actually is a suitable country for Company X to enter, a list of investigation topics was made and later turned into a schedule. Some of the factors included on the list were competitors, channel distribution, products; regarding raw materials, product size and current products on the market, consumer attitudes, production locations and more in-depth trade or market-entry barriers; with regard to legislation, costs for market entry and culture. In order to learn more about the market, more data available through Euromonitor International was examined, some research in the form of internet searches were made and the author contacted some chambers of commerce. The project group also created a questionnaire to send out to the major specialist retailer chains in the market, in order to learn more about the chosen market and the consumers in the market. The questionnaire was not sent out

during the thesis process, but Company X might use it later when they want to learn more about it.

The distribution channels of the chosen market were available through Euromonitor International regarding Company X's specialist retail industry. First, the distribution channels were examined on a basic level; how much of the special retail industry's products are sold through different sales channels, for example grocery stores, non-grocery specialists, mixed retailers, or e-commerce. After this, the specialist retailers for Company X's industry were inspected on company-level, in order to discover the names of the most important vendors in the specialist retailing industry. Some additional, individual specialist retailers were found through internet searches. The competition in the market was considered as well, concerning which brands are competing with Company X in two of their product categories. The competition and competitors' products in Company X's product category were studied a bit more deeply concerning the market shares of the competitors, the product portfolio competitors are offering, the size of competitors' products and the price point of competitors' products were examined. Most of the competitors were offering a wide range of products, some in only one specific product category, while other companies were offering a wide range of products. The pricing seemed similar in-between the different competitors and most of the competitors offered similar-sized products.

Information about the raw materials in Company X's product category was problematic to discover through only internet search, partly due to problems with the language. Instead of trying to find the information online, the project group had a meeting with a contact person in the particular country being investigated. During the meeting both findings made by the project group were verified by the interview person, but the project group also asked some questions to fill in the gaps in their market research on the foreign market being investigated.

With the intention to understand the motives behind Company X's market research and chosen topics to be investigated and follow up on managers' decisions regarding interesting markets, the author had a discussion with the Project Manager of the market research project. During the discussion, topics like the manager's previous experience regarding internationalization and assessing interesting markets were discussed, the

reasons for choosing certain European countries to be investigated further, the reasoning for choosing certain topics to be explored and the process of market research was discussed.

The project group also conducted three interviews with businesspeople with knowledge and/or connections to Country 10, to learn more about the market. During the interviews the group presented some of the findings from their market research, to verify and learn more about Country 10. Furthermore, some questions had been planned regarding some specific topics the project group wanted to know more about or had not been able to find information about. The interviews were rewarding, and both verified some findings, but also gave new, valuable insights the project group were unaware of.

One of the last discussions amidst the project group was what had been investigated during the deep dive of Country 10 and which topics and information was still missing and needed to be learned about the market. During the conversation, the Project Manager quite quickly pointed out that they believe the desk research has gotten the project group to a certain point and that more relevant information could not be found through Euromonitor, internet searches or connections at this point and that the next step should be visiting the market and learning more about it through primary research. Some of the members of the project group have continued to research Country 10, but the author was only part of the preliminary screening and deep dive of the markets, meaning that the author does not know whether Company X decides to enter Country 10 or not, nor which market entry mode would be chosen in that case.

5.2.3 Market size and growth

During the project, one of the first things that was considered from Euromonitor was the market size and market growth of Company X's industry, as well as for different product categories; both for categories where Company X offers products and for categories where company X is not offering products. Market size was in Company X original plan for the market research, while market growth was added later as part of the research since forecasts were available from Euromonitor. As mentioned in the previous chapter of the thesis, both market size and market growth are identified by some authors as important indicators of market potential. According to a study by Ojala and Tyrväinen (2008; Mullen

& Sheng 2011), where US software companies' decision-making regarding foreign market entry was examined, market size of the case company's specific industry in a foreign market was considered the best solitary indicator when businesses are making entry decisions. This indicates that investigating the market size of companies' industry in foreign markets during market potential assessment is relevant if the data is available. In Company X's market research process especially market size was emphasized, but in the end market growth also had an important role, since the chosen market for the deep dive was not currently that large in size but was forecasted to grow greatly in the coming years.

During the market research process there have been several discussions about what different numbers mean or what information certain numbers give for the research, including what does it mean that the market is growing in a certain country. Does it mean that lasting changes are happening in consumer purchasing behavior, are consumers more interested in Company X's products or is the market growing because of some other, separate reason. During the quantitative part of research, the project group found that most markets that were showing growth in Company X's industry, were also showing growth in Company X's product group, indicating that these two factors were connected.

On one hand, the market potential frameworks presented in the theoretical part of the thesis, most of them include market size and market growth in their analysis, which is similar to the case company's research project. On the other hand, most of the frameworks (cf Johansson 2000, Sheng & Mullen 2011) see market size as GDP per capita or amount of inhabitants, while the case company directly focused on their industry specific numbers, while most frameworks included these numbers later in their research.

5.2.4 Risk factors

Something that was considered as a relevant factor when comparing markets and their potential, both by the case company, as well as in literature are risk factors. During Company X's project, many risks were identified: economic risk, political risk, EU membership, sustainability, raw materials, consumer attitudes, legislation, requirements, and costs for entering the market. Economic climate is mentioned in multiple articles (Sheng & Mullen 2011, Cavusgil 1985, Cavusgil et al. 2004), differences in language or culture is also included (Sheng & Mullen 2011, Cavusgil 1985), political climate, market

structure or trade agreements are stated too (Sheng & Mullen 2011, Cavusgil 1985, Cavusgil et al. 2004) indicating that these are risk factors that should be addressed. The country risk, sustainability, EU membership and political risk have already been explained and analyzed with regard to the quantitative analysis and will not be thoroughly explained again. Raw materials and consumer attitudes will be discussed under *Industry specific factors* since they can be seen as a risk factor in connection with the industry. Legislation and requirements and costs for entering the market will be shortly discussed in this chapter.

Earlier in the research process, with the purpose to eliminate non-suitable markets for Company X, the economic risk and political risk were already examined, but factors relating to legislation were not considered yet, since finding information regarding countries' legal climate can be a bit difficult to find and challenging to compare for a large set of markets. When examining Country 10, the author contacted a few chambers of commerce in order to learn a bit more about the market and perhaps discover directly if there are some specific laws impacting foreign companies or that are industry specific. None of the chambers of commerce had anything specific to tell about the legislation and the author could not find anything special related to this.

5.2.5 Psychic distance

During Company X's project work, psychic distance was discussed, but not included in the preliminary screenings of market potential; neither when ranking interesting markets, nor when risk factors were considered. When the project group had the first presentation for the Business Manager, the Business Manager mentioned culture and language and whether these factors will be analyzed in further steps of the research. Due to this notion by the Business Manager, the author included culture in the deep dive of the analysis. The culture was investigated based on Hofstede Insights (2021), where the culture of the two main markets of Company X were compared with the culture in Country 10. There were some differences in the cultures of these three countries, so the main differences were discussed in some of the interviews conducted by the project group. During the interviews, the interviewees agreed to some of the cultural differences identified, but also mentioned that Country 10 is going through many changes and the culture is shifting.

Other factors regarding psychic distance were included in the research process; economic situation (Atradius) and political climate (Transparency International) were included in the framework, in order to learn more about the countries. The author's understanding of the reasoning for researching these elements, were not to find similarities or differences in-between the countries, but instead to see how "risky" the countries seem to be.

Several of the market research frameworks include psychic distance in their research elements (Sheng & Mullen 2011, Cavusgil 1985) highlighting the importance of researching similarities and differences in culture, language, political climate or economic situation. In the Uppsala model (Johanson & Vahlne 1977) extensive focus is put on psychic distance as well, arguing that companies usually enter countries that are similar to the home market, which is not done based on conscious decisions to enter similar markets, but simply happens since these countries seem less risky, than countries which are perceived to be distant.

5.2.6 Geographical distance

During the case company's project, geographical distance was discussed, mostly regarding country clustering. The possibility of finding some interesting clusters of markets with high market potential was investigated. Would it be a possibility to start by entering one country in an interesting cluster and later enter the other interesting markets? During the quantitative analysis, two potential clusters were found; the first cluster consisted of Country 3, Country 4, Country 6, and Country 9, while the other cluster consisted of Country 3, Country 9, and Country 10. The Project Manager made the decision that focus should be put on cluster 2. Cluster 1 was forgotten, because Country 3 was not seen as interesting to them, because of their national protective measures, Country 9 was not showing growth and was included in the cluster mostly because of geographical closeness and Country 4 and Country 6 were no longer seen as interesting, since they are geographically far from Company X's current production sites, so distribution would be expensive, or then Company X would need to establish production sites in these countries, which also is expensive. In cluster 2 there were two of the same countries as in cluster 1, Country 3 and Country 9, which were not seen as interesting by the Project Manager, but Country 10 was seen as interesting both due to the strong growth it was showing, as well as due to it being situated geographically close to Company X's production site. In the

theoretic framework of the thesis geographical distance or distribution is mentioned as a market potential indicator (Sheng & Mullen 2011, Cavusgil 1985).

5.2.7 Industry specific factors

Several different types of industries exist in today's world, indicating that certain differences exist between them and certain factors which are extremely relevant in one industry, might be irrelevant in another. In the B2C packaged special retail industry, the case company had identified a few relevant industry specific factors, which they included in their research. One is the division between brands and private labels in a market. In the case company's industry both types of labels can be found, which means investigating whether consumers in a market are more loyal to brands, or if they prefer to purchase the often cheaper private labels is important. This needed to be researched, so that Company X can decide whether to enter the market with their own label or if they should produce the product and sell it under a private label. According to Quelch & Harding (1996) producing private label products is an alternative for brands to compete with them, and consumer goods companies tend to produce both brand & private label goods.

When Company X was researching the one specific market they were most interested in, Euromonitor International did not present any private labels having a market share in their product category. Euromonitor International presents market shares for all relevant players that have more than 1% market share, the rest are classified as "others". Company information can also be missing if Euromonitor is unable to find reliable data and information for specific brands, and in this case these brands are classified as "others" as well. The chosen market for in-depth research is showing strong growth, both in terms of the industry as well as for the case company's product category, while private labels are usually more popular when the economy is down (Quelch & Harding 1996), which might explain why none appear in the dataset. In markets where private labels play a greater role, companies need to keep innovating in order to stay competitive and have a competitive edge (Martos-Partal 2012).

Another industry specific factor in the packaged consumer special retail industry, is the competition. The specific market being analyzed on a deeper level, seemed fragmented with regard to competition; the top three competitors in the product group had only around

a 35% market share combined, while undefined brands by Euromonitor stood for almost 60% of the market share. As mentioned, none of the identified brands were private labels. This could indicate that there are many small brands and/or fragmented private labels in the market. During Company X's project the competitors were more analyzed with regard to brands and private labels, than with regard to market concentration.

Another factor that was considered was raw materials, both with regard to legislation, as well as consumer attitudes towards the use of certain raw materials. No information could be found regarding consumer attitudes towards the specific raw materials that Company X uses. However, the consumers in this country are interested in organic products and they also want to reduce the use of plastic, which fits well with Company X's sustainability values. In some other European countries consumer attitudes towards a component in Company X's most important product category are somewhat negative, but this trend could not be seen in Country 10.

5.2.8 Incremental market potential assessment

Company X's project was planned and conducted in three incremental steps: a broad-spectrum phase, deep dive phase and lastly a market case. The Project Manager had made a structured plan of what they wanted to research during the project and when the different factors would be analyzed. This plan was made before the secondary data was purchased, which meant that some of the elements could be investigated, while others had to be omitted, since the data was not available through Euromonitor and could not be found through internet searches.

The order of the research elements changed during the project, due to time limitations, both regarding the project itself and its schedule, as well as the project members limited time to work on the project. Furthermore, the extensive amount of data available through Euromonitor also affected what was researched during the first step of market potential assessment. Since much data was available, it could be difficult to analyze all information efficiently and in the decided time window.

Some of the literature presents how investigating foreign markets is usually done in incremental steps (e.g. Johansson 2000, Czinkota et al. 2011, Cavusgil 1985), while others

present it as one process, where all variables are researched at the same time (Ozturk et al. 2015, Sheng & Mullen 2011). This indicates that both methods have been used for foreign market research. The different frameworks present different factors to investigate and in the models that use incremental steps there are some differences regarding which factors should be included in which step. Cavusgil (1985) also pointed out that there is a lot of useable secondary data, so you need to focus on data relevant for you and your company, similarly as Company X needed to do with their purchased data.

5.2.9 Secondary data versus primary data

Another topic that was discussed during the project group's meetings is whether the data from Euromonitor was reliable and what kind of data could be extracted from the database. The Category Manager had noticed some discrepancies in Euromonitor's data of a specific country, and the Insights Manager felt the same way about another country that was being researched. The differences were found to be based on the data collection method and sources used by Euromonitor. The data was decided to be reviewed as relevant and reliable in this research, but later in a research process or in some other cases data from other sources could be needed.

During the project, there were also discussion about where to find missing data or how to learn more in-depth information of certain markets. Some of the data that was seen as important by the Project Manager, (e.g. volume in terms of amount of sold products), was not available through Euromonitor, nor by another market research company. Could this data be found elsewhere or maybe calculated by the project group was considered. This particular topic, volume, could not be found directly through internet searches, contacts or market research companies and it could not be calculated either, due to the numbers and information available, so the investigation of this topic was moved to the last step of the research process.

When learning more about the most interesting market, through desk research, the author contacted two chambers of commerce to see if they could help with finding more information about Country 10. Both organizations were very helpful, offering relevant websites, articles, links and PowerPoint-presentations. Furthermore, some relevant magazines, ministries and trade organizations also offered relevant, easily accessible

information, though the language caused some problems at times. Euromonitor's data was also helpful, presenting upcoming trends in the market. Lots can be learned through secondary data and desk research, you might find relevant material, but on the other hand it can be time-consuming to find the data online, instead of purchasing it directly (e.g. from a consultant). During desk research, the project group also could see that they had reached the point where they could not find out more about the market, without either buying more data or services from others or by collecting primary data on their own, by visiting Country 10. As mentioned in Bryman & Bell (2011) using secondary data is cost and time effective, but as Cavusgil (1985) presented, primary data is needed in the final steps of market research, which can be seen during Company X's project as well.

5.3 Summary of the analysis chapter

In this chapter, both the quantitative market data and the assessment of 13 different countries market potential have been analyzed, as well as the observations made by the author during Company X's project. In the quantitative analysis, market size regarding industry and product, as well as risk factors were considered. Many themes were identified for the analysis of the observations, including market size and growth, risks, psychic and geographical distance, industry-specific factors, incremental assessment of market potential and the use of secondary data.

The actual research process for the thesis also begun with the quantitative analysis of market data and identified risks, whereafter the deep dive into Country 10 continued. The author has made observations since the start of the project, so observations made during the quantitative analysis were also analyzed. The analysis of the observations started with a chronologic presentation of the how the project's first two steps were conducted and some relevant subjects and discussions amid the project group.

6 Discussion & conclusions

In this chapter of the thesis, the findings will be discussed, conclusions presented, and the theoretical and practical implications of the thesis are examined. Furthermore, the created market potential framework will be presented and as well as limitations and suggestions for future research.

6.1 Discussion

A topic that was discussed a few times during the project, was the different countries and whether they should be included in the first, broad spectrum phase at all. The Insights Manager was a bit skeptical towards Country 5, since they have earlier tried to enter this market this market earlier with poor success and Country 13, since the country has had some issues with human rights. The Category Manager was again doubting towards Country 3, since they know that this country has some national protective measures, (e.g. a foreign company must have offices in the country, as well as some native employees). Lastly, the author was uncertain of Country 2, since they are not a part of the EU, which could indicate that trading could be more difficult. The Project Manager still chose to include all these four countries in the primary step of the analysis, to make sure that any country was ignored due to personal or previous experiences and that the research process would be as objective as possible. After investigating which markets were showing high market potential, Country 13 was a small market and was not forecasted to grow much. While considering risk factors, Country 5 showed high risk and was therefore not interesting for Company X. Country 3 did score quite well both with regard to market potential and risks, but was later on omitted due to the reasons mentioned by the Category Manager. When the different countries were clustered, Country 2 was skipped, since it was not geographically close to any of the other markets, indicating that market entry could be costly. In other words, all countries that the project group was skeptical of in the first step of the market research fell out during some point of the process, some more due to information the project group had of the countries and others due to the country not showing high potential or proving to be risky.

These conversations regarding omitting countries before giving them a chance and analyzing them in-depth, but still deciding to investigate them and compare them with the other potential markets, shows that Company X aimed to conduct an objective comparison of the countries and internationalize to a country which is showing true potential. The experiential knowledge of the project group members turned out to be correct in most cases, and their experiences will clearly help Company X in the next steps of their market potential assessment and possible market entry, as Johanson & Vahlne (1977) also have pointed out.

There were some differences in what elements were integrated into market potential frameworks compared with Company X's project. One reason that the author thought of, could be that market potential frameworks focus on the whole world, i.e. for companies looking to globalize, while in this case Company X was focusing on internationalization and countries that are already somewhat familiar for the case company and its project group members, since these markets are in Europe. When thinking of trade barriers, these look different when investigating EU-countries conducting business with other EU-countries, compared to countries from Asia or the United States conducting business with EU-countries. Therefore, when analyzing markets where there are already clear trade agreements and the countries are already familiar to some extent, the market research process and elements might look different.

Another topic that was discussed during the project, was the importance of including culture in the preliminary steps of market potential assessment. Most of the frameworks for market potential assessment include culture, but in Company X's original market research plan the topic was not included. Culture was mentioned in a few of the project group's meetings, but the Project Manager felt that the topic should be investigated later in the process. When the first step of the market potential assessment was presented to the Business Manager, they asked if culture and language would be included in later steps of the research, since Company X is a multinational company, and their current employees and contacts could maybe be helpful during the internationalization process to some markets. Culture was therefore included in the deep dive of Country 10. During a private meeting between the Project Manager and the author, the topic of culture was discussed. The Project Manager explained that they don't feel culture is a risk when researching markets, but more of a factor to be aware of. The market potential assessment process at

Company X suggests that culture and language differences can be perceived in another way than presented in literature. Culture and language knowledge can be perceived more in the sense of strengths and topics to consider, rather than risks. Furthermore, another factor that could explain why culture is highlighted in previous market potential frameworks, might be because they are focused on globalization (where culture might shift significantly between countries), while Company X is interested in internationalizing in Europe, where they are already active in multiple markets and where cultural and language differences might be smaller, compared to differences between countries such as the United States and Turkey.

A factor that the author found out quite late in the research process was that Company X did not decide which European countries they wanted to investigate, they purchased the relevant data from Euromonitor and investigated the markets that were available through their dataset. This could indicate that companies don't always start by choosing countries that are interesting for them to investigate, instead they might investigate markets that with easily accessible information. Furthermore, Company X purchasing data before comparing and investigating new markets, could also explain some of the differences between earlier market potential frameworks and this case study. If you already have relevant, industry data and information about sales in your specific product categories, you can start investigating which markets could be profitable for your business directly and learning more about the markets regarding culture, legislation, and political climate later. If you start by researching which countries could be suitable for your company to enter and purchasing data afterwards, researching general numbers and indicators for the markets' current situation is easier.

Cavusgil (1985) discusses how much you can learn from desk research about countries and their market potential, and the same thing was noted during the case company's project. There was much data available through Euromonitor and the project group learned more about the market through desk research (e.g. internet searches and information from Chambers of Commerce), but some topics that were identified to be important for Company X (e.g. regarding product specifications and retailers) could not be found through secondary data and the Project Manager therefore decided to enter the next phase of the project with collection of primary data. This indicates the same as Cavusgil's (1985) findings, you can only reach a certain point through desk research; then you need to decide

whether to buy consulting services or visit the country yourself to learn more about the interesting market, or maybe even both.

What about the internationalization process of a company in the specialist retail industry; does it happen like in the market potential assessment frameworks, where market potential is investigated and a high-potential country or high-potential countries are entered, or does the internationalization happen more as presented in the Uppsala model (Johanson & Vahlne 1977), where one country is entered first, which is close in psychic distance? On one hand, Company X conducted market potential assessment objectively, where all markets were given a chance and investigated based on their market potential. On the other hand, when Company X was choosing one specific market to analyze on a deeper level, the country Company X had been most interested in was the market that was chosen. Country 10 showed strong growth and fairly low risk, showing high market potential, but so were other markets. The decision seems to have been made both due to the high market potential, but also since it is quite close to Company X's other markets and factories, compared to the other markets showing high potential, indicating that Country 10 is close to Company X's home market in psychic distance. Furthermore, Company X is interested in internationalizing incrementally, as presented in the Uppsala model. Therefore, the market potential assessment process and possible internationalization of Company X seems to be a combination of both objective market research, as well as the Uppsala model.

Company X had first made a clear plan of how to conduct their market research and which topics they wanted to include. During the project the plan was changed a few times, both due to the data available through Euromonitor and due to the amount of data available. Some of the factors included in the preliminary plan were not available through the Passport tool, while some of the components included so much data that it was too complicated to investigate and compare the data of 13 countries at the same time. Therefore, the plan and the topics included in the market potential assessment process needed to be reviewed a couple of times. The author was part of the project group until the beginning of the market case and thus the topics investigated during this phase by Company X may differ from what is presented here. Furthermore, the outcome of the market research is unknown for the author and is not presented in this thesis. Below is a figure showing Company X's planned project compared to their actual project, in order to demonstrate how a clear plan is needed, but changes also need to be made.

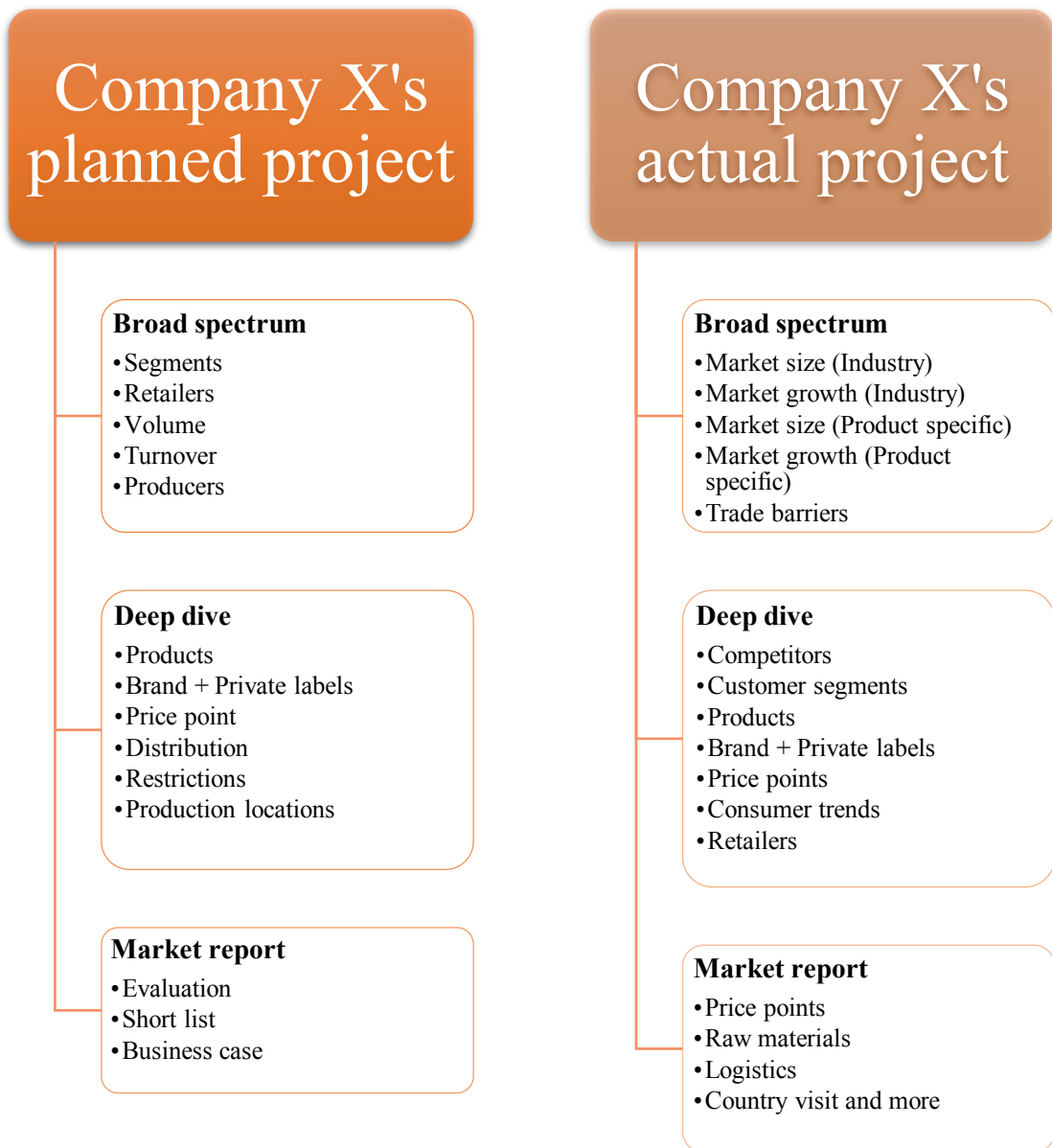


Figure 7 Comparison of Company X's plan and project

When companies are conducting foreign market research, there might be a clear plan for how the research will be conducted, but as seen in the case company's process, the plan might change, based on new ideas and based on what the managers learn early in the process. The aspirations might change as well, first companies might be interested in entering only one market but finds an interesting cluster of markets they want to enter instead, or the other way around; companies might be interested in finding a suitable cluster to enter, but instead only find one market that they want to focus on.

The author has been part of Company X's project only during the period where they have been able to help out the market research, i.e. during the secondary data analysis and when the case company was learning more about the markets. This means that the author has not been part of the last steps of the project, including the collection of primary data, the final decision of whether to enter the market or not, the choosing of a suitable market entry mode and the decision of entering the market with Company X's own brand or as a producer of a private label. This means that the author has only been able to study how a company conducts market potential assessment and learn about this particular process, but not what happens afterwards or what happens if a country with high potential, which has been investigated is ruled as unfitting for the company.

6.2 Conclusions

In this chapter of the thesis the conclusions are presented, including a new market potential framework based on both theory and practice. Furthermore, the author tries to answer the research questions presented in the introduction of the thesis. Practical and theoretical implications as well as suggestions for future research are also presented.

Theoretical question:

What conceptual approaches to the assessment of market potential exist in previous research?

There are numerous different approaches presented in literature for finding interesting markets with high potential. Some of them are incremental models, where companies start with a large set of markets, that they narrow down to a smaller number, lastly ending up with one or a few interesting markets. Other models are based on only one step, and this might be a more suitable option when companies already have a smaller number of markets, they are interested in. The approaches in literature include some similar factors, for instance most of the models include market size or market growth as a factor, cultural differences are often investigated, risks in the markets are often considered and some include market concentration or the competitive climate in their models. Many articles point out that most models do not take industry specific factors into consideration, so it is vital for companies to figure out some factors that are relevant specifically in their industry, to find out whether certain markets are suitable for them. In this thesis Cavusgil's

model from 1985, Cavusgil et al.'s model from 2011, Ozturk et al.'s model from 2015 and Sheng & Mullen's framework from 2011 are investigated more thoroughly, but there are multiple different models presented in literature.

Empirical questions:

In B2C businesses focusing on packaged, physical goods in specialist retail, (a) How is the evaluation of market potential executed? (b): Which other factors are relevant to market selection besides market potential?

In this thesis, the case company investigated countries and their market potential with a small project group, where all group members had different backgrounds, strengths and roles within the company. For the market research, the case company purchased industry specific data in order to investigate the countries, indicating that collecting primary data for multiple countries is too time consuming for companies, while relevant secondary data is easier and cheaper to use. When starting market research, you can either investigate general economic indicators and information about countries, as theory suggests, or purchase relevant secondary data about interesting markets directly, as the case company did. Company X's project indicates that companies might start by investigating relevant secondary data directly.

The results of the thesis indicate that companies conduct market research in incremental steps, where you begin with a large set of markets, investigate a few interesting ones more deeply and lastly choose one market that you want to focus on. In Company X's case, great focus was put on industry and company specific factors, in order for them to find a market that is suitable for them. This indicates that industry and product specific factors might have an even bigger role than presented in earlier market potential assessment models.

There are various factors that impact a country's market potential and there are several factors indicating that a country is attractive, while there are several risk factors that might negatively impact an interesting country. Furthermore, something that might not be considered first as a factor impact market potential, might arise as a factor later. First companies might be interested in entering any country, despite of geographical distance, but later when you have a small set of interesting markets and one of them is close to your

current markets, you might become interested in this market, even though another country is showing higher potential. Entering a neighboring country might be appealing, since it is closer and market entry might be cheaper, you might not need to establish manufacturing facilities, you might be able to use your current distributors and sell your products at the same retailers. This indicates that companies' access to markets is a very important factor for market's potential.

Normative question:

What should managers, in B2C businesses focusing on physical goods, do to conduct successful market evaluation processes?

The results of this thesis indicates that having a clear plan for the market research is important, where you know what you want to learn and what is important for you and your company, but you should still be prepared to change your plan. It might change due to the data available, findings you make early in the process, your own goals and strategies might change and so forth. Conducting the evaluation of market potential thoroughly is also important, so that you can make informed decisions and make them based on facts. Market research is also a long process that consumes a vast amount of time, so managers should be prepared to put down both time and effort when researching interesting markets. If managers are working with secondary data, it is also very important to understand the data and what the numbers are based on or including. You might think that you know what the data is based on, but later find out that you have missed something, i.e., it is important to take time and familiarize with the data.

Managers might have a clear vision of which country they are most interested in, or they might have a clear picture of which countries are not suitable for their business, conducting research as objectively as possible and give all countries a chance is significant. It might be, that the preconceptions turn out to be true, but it might also happen that the country a company is interested has some factors that negatively affect the market potential or that a country managers' have been negatively biased against has changed greatly during the last 10 years.

Companies also need to make a budget before beginning a market potential assessment process. It is important that companies have enough funds both to purchase relevant

secondary data, but funds are also needed later in the process, when you have come as far as you can with the secondary data. More funds are often needed so that the company can either purchase more relevant information about a specific market or markets (e.g. from consultants) or when the company decides to visit the country to learn more about it. Apart from budgeting funds, it is also important to budget the human resources for the project. How many employees are needed for the project and how much of their working hours should be focused on the market potential assessment process, instead of or on top of their current job responsibilities are for instance factors that need to be considered, so that the project advances, but the employees' other duties are also proceeding.

Created market potential framework

Figure 8 presents the created market potential assessment framework for the thesis, which is based on the theoretical frameworks and earlier models presented earlier in the thesis, as well as Company X's project. The framework consists of four steps, containing three major steps and a preliminary step that can be included, if necessary. The market potential factors can be moved to different steps if needed as well, or switched to another industry or company specific factor or omitted if the data isn't available or relevant for the specific company.

In the preliminary step general, free and easily accessible secondary data can be used, in order to scale down the number of countries to investigate later on. In this step, general market information including economic climate, culture and demographics are included. Furthermore, an industry or company relevant factors is included, so that companies can directly eliminate countries which would not suit them before purchasing secondary data or collecting their own primary data. If no general, preliminary step is needed, the topics can be moved to another step, for instance the deep dive.

In the first two main steps relevant, purchased secondary data can be used. In the broad spectrum phase, market size and growth can be investigated, alongside risks that need to be considered, similarly as in Company X's project. Both general market risks, including trade agreements, political and economic situation, but also company and industry specific risks can be taken into consideration. In the deep dive competition, trends, consumer

attitudes and all necessary industry and company specific risks and topics can be investigated further.

In the market case step, primary data can be collected, if suitable, for instance by visiting the country that has shown the highest market potential. In this step existing and possible business relations and contacts can be analyzed, prices can be investigated, costs for entering the market as well as investigating suitable entry modes for the market can be considered and legislation affecting the industry or company investigated. In this final step, the company should find out whether they want to enter the market that has shown high potential and has been analyzed on a deeper level, or if the country is not suitable after all another country showing high potential could be investigated instead.

The topics presented in the framework are suggestions on factors that might be relevant for companies in the B2C consumer goods industry and can be moved or omitted, based on what is relevant for the industry and company. Moreover, necessary subjects should be added and investigated in a suitable step. Through modifications the framework aims to suit other businesses and industries, when including industry and company specific topics important for them. During Company X's research process country ranking and indexing was used in order to clearly see, based on numbers, which countries showed high potential. Country clustering was also considered. In the created market potential framework, ranking and country clustering can both be used in order to find either one or multiple attractive markets. Country ranking is an easy way to compare a large set of markets.

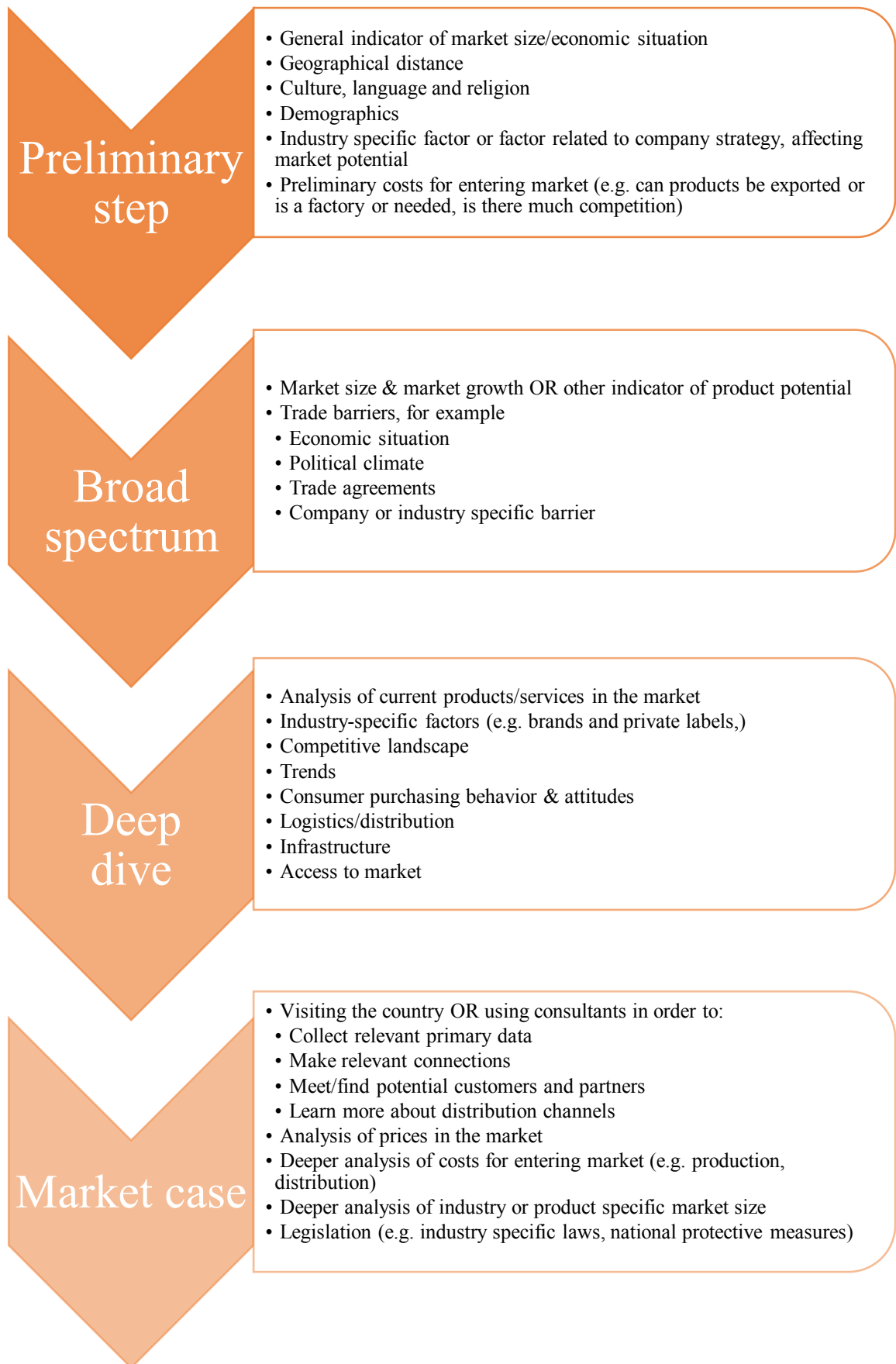


Figure 8 Market potential assessment framework

6.3 Theoretical implications

Currently several different frameworks exist presenting how companies can investigate foreign markets, in order to find one that suits them. As mentioned in many articles many market research models are not industry specific (c.f. Ozturk et al. 2015, Sheng & Mullen 2011), indicating that industry specific frameworks could still be investigated further. In this thesis a real-life example of market research is presented, showing how a company conducts it and presents examples of what a business executive finds relevant in relation to industry specific factors within specialist retail. The thesis aims to present a new perspective on how market research is conducted by companies. Furthermore, many of the market research frameworks include similar factors, while presenting different issues to research and in this thesis four different frameworks have been considered in order to create the market research framework.

Cavusgil (1985) researched what business executives find important when conducting market research and this thesis is based on similar research, investigating how one company conducts market research. The findings from the thesis indicate that business executives still conduct market research in steps, but during Company X's market research project they concentrated on market specific number directly, instead of examining general numbers and indicators. The results of the study also indicate culture is not seen as a trade barrier, but more as a factor to consider when visiting the country and making business relations.

During the case company's market analysis project, the company conducted an objective investigation, where all countries were given a fair chance and all countries were investigated in a similar matter. Still, the country which Company X was originally most interested in, was the market that was chosen for the deep dive. The country did show strong growth numbers and seemed to be a genuinely promising country, but it is also geographically close to a few of Company X's current market and the culture is somewhat close in psychic distance. This indicates that the Uppsala model for internationalization (Johanson & Vahlne 1977) is still relevant today and companies tend to choose countries that feel close to the home market.

6.4 Practical implications

The results of the thesis proves that market research should be clearly structured and planned, with regards to what you want to investigate and where you will learn the needed information, but you still need to be able to remain flexible and adapt the order based on information available, skip certain factors and add some factors that seem interesting. In other words, it's important to be both structured and focused, but still be flexible and reflect over the research continuously. Moreover, preparing sufficient resources are needed when assessing markets.

Companies might have a clear vision of what data they have and what they can discover through the data, but that might not be the actual case. Furthermore, companies might have an idea of what they can learn through desk research, but they might not be able to discover everything due to data available online and from your contacts and language differences can also make it more challenging to find relevant info and data.

This thesis presents an example for how market research can be conducted, and which types of topics can be included when researching market potential, but finding important topics that are relevant for your specific company or specific industry is significant.

6.5 Limitations and future research

The first selection of European markets had already been done by Company X and quantitative data was available only for these chosen countries, meaning that only this set of markets could be investigated in this thesis. Company X is also already active in some European markets, further scaling down the number of interesting markets. Some of the markets that Company X is already active in were included in the primary step of the research, in order to compare these markets with markets that Company X is interested in entering, which means that from the 13 countries investigated, only 10 were actually countries that Company X could expand to. This implies that observations and quantitative analysis might have looked a bit different with other European markets or with a larger set of markets.

In this thesis, the internationalization and assessment of market potential has been investigated by focusing on packaged consumer goods in specialist retail and by observing one specific case company. As suggestion for future research, similar research conducted with multiple companies could be interesting (e.g. by organizing interviews to learn how companies have conducted market research). The developed market potential assessment model in the thesis tries to be suitable for other industries as well, simply by exchanging and choosing relevant factors for other industries to research instead. How the created framework works for other industries could be studied as well. Another option for research in this field could be through interviews, where important factors for company executives in market potential assessment could be compared to what has been found noteworthy in previous literature; are the same factors important according to research and according to company executives?

Another option to investigate could be to follow up how well the created market potential framework works for Company X in the future; will they use be using it and how will the process continue in the case company, with regard to primary data collection and market entry. Moreover, how well the created framework works according to other companies in the same industry could be investigated. Another topic that could be studied further, is how market research and market entry modes are connected, which factors found during market research impacts companies' market entry modes. The importance of culture in market potential assessment could also be studied further, for instance by analyzing how other companies prioritize culture during their market research or by interviewing company executives to learn more about their feelings and ideas of its importance. Furthermore, future case-study research could be conducted to further establish the relationship between market potential assessment and the success rate of the company expansion into new countries.

7 Svensk sammanfattning

Internationalisering och utvärdering av marknadspotential i konsumentvarubranschen

Fallstudie: Företag inom förpackade konsumentprodukter

7.1 Inledning

I dagens globala värld, är många företag intresserade av internationalisering, m.a.o. att gå in på utländska marknader och erbjuda sina produkter eller tjänster (Hollensen 2007). Då organisationer bestämmer sig för att söka sig utomlands, behöver de även bestämma vilka utländska marknader de vill ge sig in på. Hur kan företag jämföra marknader för att hitta de länder som passar specifikt deras organisation? Mycket olika ramverk för jämförelse av marknadspotential existerar och de olika ramverken lyfter fram olika faktorer och teman. Detta innebär att det finns även många beslut en chef behöver ta redan då man undersöker marknader, så hur ska chefer hitta teman och faktorer som är relevanta för deras företag?

7.2 Syfte och forskningsfrågor

Magisteravhandlingens syfte är att skapa ett ramverk för att hitta nya, passande marknader med hög marknadspotential för företag inom förpackade konsumentvaror i specialvaruhandelsindustrin. Ramverket strävar till att även fungera för andra industrier, med små förändringar.

Denna magisteravhandling skrivs för ett fallföretag, och skribenten har varit del av en projektgrupp hos fallföretaget som har utrett marknadspotentialen hos ett antal europeiska marknader. Ramverket består av fyra steg: ett preliminärt steg där generell marknadsinformation undersöks, en allmän fas med analys av många marknader, sedan en fördjupningsfas, där de intressanta marknaderna från den allmänna fasen analyseras grundligare, samt avslutningsvis en utredning av marknaden som verkar mest lovande, då det slutgiltiga beslutet ifall företaget ska gå in på denna marknad fattas.

Fallföretaget erbjuder förpackade varor inom specialvaruhandelsindustrin och är aktivt i många länder för tillfället, bland annat Finland. Fallföretaget kommer av identifieringsskäl att hänvisas till som Företag X i avhandlingen. Skribenten har gjort observationer för att jämföra hur ett företag utför marknadsundersökningar med teoretiska ramverk, för att sedan skapa ett ramverk som är en kombination av teori och praktik.

Pro gradu-avhandlingen strävar efter att svara på de följande fyra frågorna:

Teoretisk fråga:

Vilka konceptuella metoder för bedömning av marknadspotential finns inom tidigare forskning?

Empirisk fråga:

I företag som fokuserar på förpackade konsumentprodukter inom specialvaruhandelsindustrin, a) Hur genomförs utvärderingen av marknadspotential? b) Vilka andra faktorer är relevanta för valet av marknader förutom marknadspotential?

Normativ fråga:

Vad borde chefer, i företag som fokuserar på konsumentvaror, göra för att jämföra marknader framgångsrikt?

7.3 Internationalisering

Det finns många orsaker till att företag kan vara intresserade av att gå in på nya marknader; de vill möjligen förbli konkurrenskraftiga, bli lönsamma eller hålla fast vid sin position på marknaden (Kubíčková m.fl. 2009). Företag kan dessutom internationalisera på flera olika sätt, exempelvis genom att sälja sina produkter på en ny marknad, flytta produktionen eller andra företagsaktiviteter utomlands (Hollensen 2007). Uppsalamodellen för internationalisering har skapats på 1970-talet, men har sedan dess uppdaterats i några etapper. Enligt Uppsalamodellen tenderar företag att internationalisera stegvis, genom att först gå in på marknader som är kulturellt och språkligt lika hemmamarknaden och möjligen även nära geografiskt sett, eftersom inträdet på dessa marknader inte känns så riskfyllt. (Johanson & Vahlne 1977)

Ett antal akademiska artiklar har undersökt hur företag från de nordiska länderna internationaliserat tidigare. Enligt dem är företag från Norden intresserade av att internationalisera, eftersom deras hemmamarknader är små och begränsade (Benito m.fl. 2014). De baltiska länderna samt Ryssland intresserar dessa företag, eftersom de är geografiskt nära och även kulturellt sett ganska lika de nordiska länderna, dessutom växer de baltiska ländernas ekonomi i snabb takt. De nordiska företagen följde Uppsalamodellen under sin internationaliseringsprocess. (Larimo & Huuhka 2007).

7.4 Utvärdering av marknadspotential

När företag är intresserade av att internationalisera, kan det finnas en stor mängd marknader att välja emellan och det kan vara svårt att definiera vilka marknader som har hög marknadspotential. Många olika teoretiska ramverk för utvärdering av marknadspotential har skapats och det finns en del likheter mellan dem. Många ramverk lyfter fram marknadstillväxt (t.ex. Ozturk m.fl. 2015, Cavusgil m.fl. 2004), produktpotential (t.ex. Cavusgil 1985), och konkurrenssituation (t.ex. Hollensen 2007, Johansson 2000, Cavusgil m.fl. 2004) som faktorer som påverkar marknadspotential. En del modeller är uppbyggda i ett stort steg (t.ex. Sheng & Mullen 2011), medan andra är inkrementella, där en stor mängd marknader analyseras till en början, för att sedan sälla bort ointressanta marknader i några steg och till sist hitta någon eller några intressanta marknader (t.ex. Cavusgil 1985).

Många författare nämner att de flesta ramverk för marknadspotential, inte tar industrispecifika faktorer i beaktande (t.ex. Ozturk m.fl. 2015, Sheng & Mullen 2011). En del skribenter har försökt skapa industrispecifika ramverk (t.ex. Ozturk m.fl. 2015, Sheng & Mullen 2011) och i dessa fall är det viktigt att identifiera faktorer som är relevanta för industrin och företaget, samt inkludera dessa i evalueringen av marknadspotentialen. Fallföretaget identifierade exempelvis marknadsstorlek- och tillväxt, konkurrensvå och marknadssegment som relevanta faktorer inom sin industri.

7.5 Metodik

Forskningsprocessen för både denna avhandling, samt fallföretagets projekt har varit uppbyggd i två delar, där kvantitativa sekundärdata från Euromonitor International

analyserats först, och därefter har kvantitativa data undersökts. I denna pro gradu-avhandling används mixad metod, där kvantitativa sekundärdata analyseras kvantitativt genom univariat och bivariat analys och kvalitativa data i form av observationer analyseras kvalitativt genom tematisk analys. Mixad metod används fortfarande i liten grad inom företagsekonomi (t.ex. Clark et al. 1999, Peterson 2004; Hurmerinta-Peltomäki & Nummela 2006). Skribenten har gjort observationer under hela skrivprocessen och under hela projektet för fallföretaget, under tidsperioden oktober 2020-maj 2021, medan skribenten arbetat med det kvantitativa data i oktober 2020-april 2021.

7.6 Analys

De kvantitativa data i arbetet kommer från Euromonitor International och det fanns tillgång till industrispecifik information och siffror för 13 europeiska länder. Ländernas marknadsstorlekar och -tillväxt inom fallföretagets industri samt specifikt för en av fallföretagets produkter har analyserats. Dessutom har riskfaktorer för EU-medlemskap, hållbarhet, korruption och ekonomisk situation i de olika länderna studerats, eftersom dessa faktorer påverkar ländernas marknadspotential.

Genom den teoretiska referensramen har identifierats några teman som analyserats, marknadsstorlek och – tillväxt, riskfaktorer, kulturella, språkliga och politiska likheter, geografiskt avstånd, inkrementell analys av marknadspotential samt användningen av sekundär- och/eller primärdata.

7.7 Diskussion och sammanfattning

Resultaten från studien visar på att Uppsalamodellen för internationalisering fortfarande är relevant idag. Fallföretaget utförde en objektiv värdering och jämförelse av de olika marknaderna, men då beslutet gjordes över vilken marknad med hög marknadspotential skulle undersökas på djupet, så valde Företag X en marknad som både visade hög potential, men var även nära företagets huvudmarknader med tanke på geografi och kultur. I fallföretagets utvärderingsprocess låg det väldigt lite fokus på kultur, medan de flesta teoretiska ramverken nämnde detta som en riskfaktor som bör undersökas. Detta indikerar att kultur möjligen spelar en mindre roll i praktiken än i teorin och att företagsledare

eventuellt ser det mer som en faktor att vara medveten om, än en risk. Det fanns även en del andra skillnader mellan fallföretagets process och de teoretiska ramverken (t.ex. med tanke på handelsbarriärer), vilket kan exempelvis bero på att de teoretiska ramverken fokuserar på ett globalt perspektiv, medan Företag X fokuserade på länder i Europa.

Cavusgil (1985) diskuterar hur långt man kan nå med endast skrivbordsundersökning och att man troligen i slutändan behöver besöka marknaden. Detsamma hände under fallföretagets process, man nådde en viss punkt då man insåg att man inte kommer att kunna lära sig mer genom sekundärdata och intervjuer, utan måste antingen besöka den intressanta marknaden eller köpa konsulttjänster.

Vilka konceptuella metoder för bedömning av marknadspotential finns inom tidigare forskning? Det finns väldigt många teoretiska ramverk, som innehåller en hel del likheter, men de flesta ramverk innehåller även element som inte ingår i andra ramverk. En del av ramverken är inkrementella, medan andra består av endast ett steg. Utvärderingen av marknadspotential hos fallföretaget utfördes inkrementellt och med hjälp av sekundärdata.

I företag som fokuserar på förpackade konsumentprodukter inom specialvaruhandelsindustrin, a) Hur genomförs utvärderingen av marknadspotential? b) Vilka andra faktorer är relevanta för valet av marknader förutom marknadspotential? Fallföretaget utförde marknadsjämförelsen med en liten projektgrupp, där alla medlemmar hade olika styrkor och roller inom företaget. Man kan utföra jämförelsen av marknadspotential genom att samla in primärdata, med hjälp av generella tal, eller genom att köpa relevant sekundärdata. Fallföretagets process indikerar att företag köper data som är relevant för dem för marknadsanalys och utför analysen inkrementellt. Dessutom indikerar resultaten att företag fokuserar mer på industrispecifika faktorer, än de teoretiska ramverken. Det finns många faktorer som påverkar marknadens potential, men faktorer som inte varit viktiga innan kan spela en stor roll senare och tillgång till marknaden spelar i slutändan en viktig roll.

Vad borde chefer, i företag som fokuserar på konsumentvaror, göra för att jämföra marknader framgångsrikt? Det är viktigt att ha en tydlig plan, men det är även viktigt att ändra planen vid behov. Man bör även utföra jämförelsen av marknadens potential så noggrant och objektivt som möjligt, så att man förstår data man arbetar med och ger alla

länder en jämlik chans. Det är också viktigt att planera resurser noggrant, både med tanke på pengar, tid och personal.

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