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Potential Customers for Karava in Iranian Market

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## POTENTIAL CUSTOMER FOR KARAVA IN IRANIAN MARKET

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The thesis was a comprehensive study about finding potential customers for Karava in Iranian market. The purpose of this thesis is to help the case company to increase its market share in Iranian market as one of the most valuable and also most available market for its products. Part of this thesis focused on the difference between markets in Iran and its business environment as well as the cultural and social impacts of the people of Iran on international trades with them.

This thesis was a research base and qualitative research data was applied mostly, for collecting some of the data, quantitative research was employed as well. The results from questionnaires, qualitative research and author's personal experience with the market and culture of the target market played important roles in the thesis. Data also gathered from various webpages of the possible potential customers which also created valuable information for this thesis. At the end of the research thesis there was a list of potential customers which was the primary outcome of the thesis.

According to the research it was understood Karava is missing a fair share of the market and its' competitors are more successful in Iranian market. The Iranian business Communications are rooted in the culture and even the risks of doing business with the mark are not low, neutralizing them seems easy and possible. Thermowood has much higher market availability and is more popular in Iranian market compare to other Karava's Products. Conducting business with modern market is more efficient, available and profitable, the market is more interested to have international suppliers and is more responding.

It was also understood the capacity of the market is very high and Finnish Thermowood found the position in the market.

The conclusion part has summarized the most important details in the thesis to have a better understanding about the subjects.

Recommendations were written in order to improve Karava's Business Relationships with the target market and potential customers in Iran. It was recommended that Karava contacts the potential list of customers, hire an employee or a business agent who can speak Farsi for better communications. Karava's employees or management travel to Iran and evaluate the market with face to face meeting with the suggested list and also increase the knowledge of Iranian business culture.

## TABLE OF CONTENTS

1	INTRODUCTION .....	4
2	PROBLEM SETTING AND CONCEPTUAL FRAMEWORK .....	5
2.1	Research problem and research objectives .....	7
2.2	Conceptual framework .....	8
2.3	Boundaries and limitations .....	9
3	IRANIAN BUSINESS ENVIRONMENT .....	9
3.1	Specific features of Iranian Business Environment .....	9
3.2	Modern market in Iran .....	11
3.3	Traditional market in Iran .....	12
3.4	Potential risks in Iranian Market and dealing with them .....	13
4	INTRODUCTION OF THE CASE COMPANY .....	15
4.1	Case company Karava Sauna .....	15
4.2	Thermowood products and other main products of the case company .....	16
5	MARKET SEGMENTATION OF IRANIAN MARKET .....	17
5.1	The concept and use of segmentation .....	17
5.2	Segmentation of Iranian business-to-consumer market .....	19
5.3	Segmentation of Iranian business-to-business market .....	22
6	METHADODOLOGY .....	27
6.1	Research design .....	28
6.2	Research methods .....	28
6.3	Data collection .....	30
6.4	Validity and reliability .....	31
7	RESEARCH FINDINGS .....	32
7.1	Research results and analysis .....	33
7.2	Potential customer for the case company .....	39
8	SUMMERY AND CONCLUSIONS .....	43
9	RECOMMENDATIONS .....	45
10	FINAL WORDS .....	47
	REFERENCES .....	49
	APPENDICES	

## 1 INTRODUCTION

There is a scenario which encouraged the author to choose this topic for the thesis. Iran was suffering from 30 years of unfavorable economic sanctions, the market was almost untouched by western companies and after the sanctions were over in 2015 there was a good opportunity for developed countries to invest in Iranian market. Also the author was familiar with the business culture and interest of Iranian consumers for consumption of higher quality products provided by industrial countries.

The president of Finland has traveled to Iran with some business agents from different business associations in 2016, this fact itself proved that also others realized these open gates for investment, Finland showed its interests to invest in Iranian market as well as many other European countries.

At this point an idea was formed in order to do research to find potential customers for those who are interested in investments in Iranian market. A Finnish company could be a good nominee for such a research. First the author started to contact the associations who sent their members to Iran with the president, after contacting with embassies in Iran and Finland a list was provided from these associations for further communications. The first association who replied was Thermowood association which provided another list of some companies who are interested to expand their business in Iran.

Karava Sauna was one of these companies. After exchanging few emails with Mr. Jaakko Soini the CEO of Karava, the value of a good level of cooperation was obvious, on the other hand Thermowood and wooden products are highly appreciated in Iran, wood is considered as a luxury product in Iran and there is lack of resources in terms of wooden raw materials for different productions and construction in Iran. Thermowood itself has been used for frontage and constructions of buildings and

saunas in recent years. Karava is an exporter and manufacturer of Thermowood and is a highly respected Thermowood association member.

The wood industries in Iran have some challenges, in Iran cutting a tree is illegal even if the tree is located inside your own yard, in emergency cases the municipality can help, this can be considered as the first challenge, and it can also be a very good opportunity for foreign investment.

Forest area was 6.564% of the country in 2015 (Website of the world bank collection 2016) and most of these forests are located in north part of the country. The Iranian culture is interested in wood in general and there is high domestic demand for wooden products. On the other hand there is also lack of formal marketing and marketing research to evaluate the domestic opportunities in the market. Demand and supply do not meet at the same level and lack of the above mentioned resources both in marketing and material caused this.

One of the reasons the thesis was started was that our teachers always reminded us that the thesis can be the crown of our education and a good thesis can increase the chance of better job opportunity or finding better universities to continue our education in higher levels and the another reason is that it is important to get graduate and finish the study.

## 2 PROBLEM SETTING AND CONCEPTUAL FRAMEWORK

Karava has the potential to sell its products in Iranian market and with finding potential customers for Karava the author can create a plan for internationalization, discover the capacity of the market and the needed analysis to achieve these goals. After finding the potential customers Karava can start the actual business with them and expand their business in order to increase their share of the market.

The author was not able to find an earlier or similar study on finding potential customer for Thermowood or sauna related wooden products in Iran. Therefore this research can be the first research related to such a topic.

The study is divided into few different parts about market analysis in both business-to-business and a smaller part business-to-consumer market, possibility of potential customers, analyzing the competitors and finally and most importantly a list of potential customers which can be actually used by Karava.

The geographical target area is whole country of Iran but this research may be used for future studies for neighboring countries due to similarities of the markets, locations and cultures.

The study does not concentrate on Karava itself but mostly tries to find potential customers in the target market, the aim of theoretical study is to analyze and find potential customers for specific products of the case company. It can increase their marketing strategy in future as well as the share of the market in real business life and give them a higher level of understanding about the market itself.

There are many people who can benefit from the thesis, Karava Sauna would be the first to consider, they will have a list of possible potential customers which they can invest to have business with in future. The second is Thermowood association, the thesis is about one of their member selling wood products in Iran, and they can have a better understanding about Iranian business culture and environment.

There are also some information for whoever wants to start an international type of business or investment in Iran but because the focus of the thesis is on potential customers for Karava, there is not enough information to cover the mentioned topics. At the end the author will apply the business knowledge and improve it during the research and writing thesis therefore this research will be useful for future business life and will improve it.

## 2.1 Research problem and research objectives

Like many other researches this research thesis is also formed around some questions. However and more importantly the research problem is the main question that has to be answered. The research problem is very much related to the topic and demands the process of finding potential customers so the research problem is how the author can find the potential customers for the case company and the value of the market?

The research questions are the set of questions which will help to find the potential customers and the value of the market.

A research question needs to be specific to avoid too much information and get distracted from the main topic.

It is essential the objectives present into a question forms in order to get answered and direct the author to the right path. These following research questions are the main objectives of the project.

- What is the value of the market?
- Why did the market become so available?
- What are the risks, barriers and customs of doing business with Iran?
- What is the position of Thermowood products in Iranian market?
- What is the Iranian business environment and culture like?
- What are the best ways to approach the market?
- Is the Iranian market worth to invest or not?
- How can the Iranian market be separated?
- Where and how these potential customers can be found?
- What are the possible difficulties in approaching these potential customers?
- How can we increase the number of potential customers for Karava?
- Which locations are most interesting to do business with in Iran?

Beside these main questions there are many others which concern more general type of data such as culture and final consumers.

## 2.2 Conceptual framework

The conceptual framework of the thesis explains simply the situation of this research and gives the audience a bit of general ideas and understanding about what the author is going to do in the thesis in order to achieve the final results.

It also shows the difference markets available in Iran which is a key point to consider in this thesis.

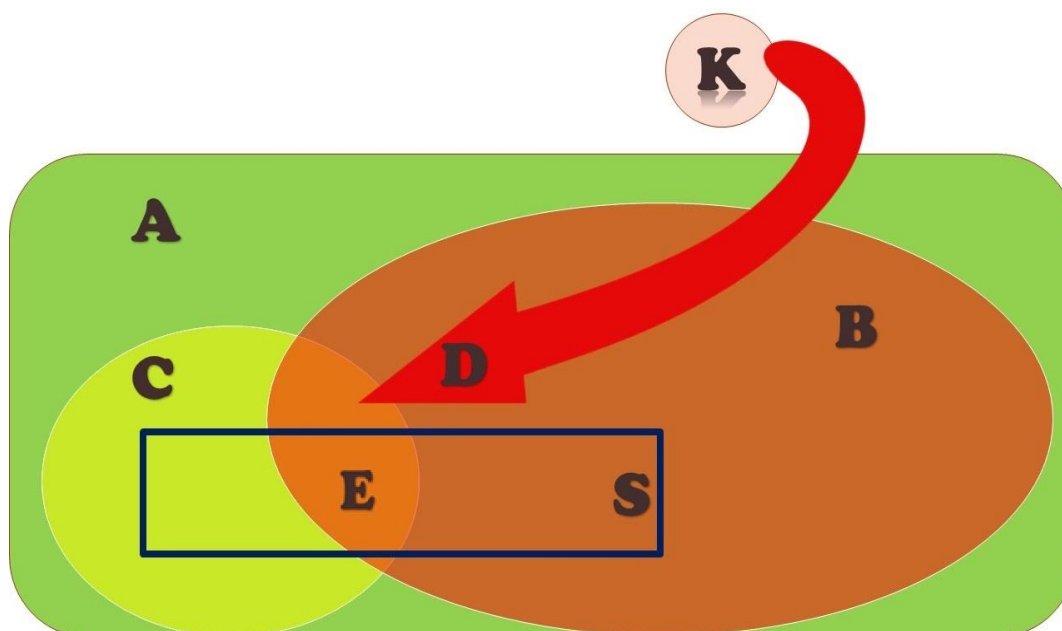


Figure one. Conceptual Framework

A: Iranian Related Business Environment

B: Modern Market

C: Traditional Market

E: Potential Customers for Karava

K: Karava Position in Framework

S: Market Segmentation

D: Rapprochement to the potential customers

Karava is located outside of Iranian business environment and the only thing that connect Karava to this market is the rapprochement shown by red arrow. The Iranian Business Environment has two major parts, Modern and Traditional market and the size and availability of modern market is much higher compare to traditional market.



There are potential customers available in traditional market as well but as the arrow shows the correct way to approach the market is through modern market.

### 2.3 Boundaries and limitations

When writing a thesis, more importantly a research based thesis there are many important issues and details to be considered. Many of them related to the boundaries of the research the researcher may experience. According to the topic of this thesis the author is supposed to find and provide a list of potential customers. In the final chapter there are some recommendations related to the topic of the thesis.

The author has to avoid too much information which even maybe connected to the topic such as marketing approach and the related information for having a better understanding about the topic of the thesis, these information of course were explained briefly, but the concentration is more on the main topic.

Avoiding any kind of plagiarism is also another goal has to be followed in the thesis, the author needs to use his own knowledge moreover the author has experience of doing both business inside and outside of Iran and also is a senior International Business Student, therefore applying this knowledge is necessary.

## 3 IRANIAN BUSINESS ENVIRONMENT

### 3.1 Specific features of Iranian Business Environment

To have a better understanding about Iranian business environment it would be useful to know a little bit of recent history on Iran. In 1979 a revolution happened in Iran which changed the kingdom to an Islamic Republic (Website of Iran chamber society 2013)

After the revolution a lot of countries stopped or limited their political and economic relationships with Iran. Most of the western world put some economic sanctions on Iran and in recent years these sanctions have been increased due to nuclear programs. After some negotiations these sanctions were removed in 2015 and 2016 partially specially for international investment (Website of the United Nations 2006).

This made the Iranian market more available for western companies especially for European Firms to invest in the market. Since Iran has a better political relationship with the EU compared to North American Countries, the EU is more interested to invest in Iranian industries and market.

These historical facts made this market a valuable one after the sanctions were removed. It is true that Iran is a developing country but due to huge natural resources and highly educated labor force, the country was not left behind in many sectors and the accomplishments of Iranian people in academic world is a proof to this matter.

The main consequences for organizations of the transition from sellers' to buyers' markets are:

- Competition that really bites;
- Customers usually demand more (perceived-value) for their money;
- Customers have choice;
- A transformation in the concept of value which is now heavily influenced by the buyers;
- Markets fragmenting into segments that appeal to customers who have distinct perceived- value requirements. (Kotler, Keller & Brady 2009, 78.)

The business environment in Iran consists of two major parts, it can be divided into Modern Market and Traditional Market. These two have significant differences which requires different approaches to them. Understanding, communications and in general doing business with both markets are quite valuable and very operational in their own way (Website of the Financial Tribune 2016).

It is important to find potential customers in both markets but the accessibility of these markets is very different and in this research most of the focus is on the modern market due to its availability and higher share of the market, according to the research, the personal experience of the author and the questionnaires.

There are valuable recommendations in order to find the possible gates for traditional Iranian market as well.

It seems Thermowood is very popular in the market. According to the researcher's observation of different websites and comparing the level of advertisement in Iranian online environment compared to other type of woods especially in recent years the usage of Thermowood in different sectors of production has highly increased.

To have a better understanding on the differences between the two types of markets, each of these markets, their characteristics, uniqueness and availability for investment and finding potential customers will be discussed.

### 3.2 Modern market in Iran

Modern market and way of doing business started around fifteen years ago and has developed drastically in recent years. Some political changes in the body of government gave more economical freedom to the companies and the number of private sector increased.

Therefore their method for doing business started to be updated and developed. Using internet and social media became more popular among companies and academic approaches for doing business has increased by hiring business experts which let the companies to apply recent business knowledge in their everyday business life.

Approaching to this market is easier and information is more up-to-date, all companies which can be categorized to belong to this market have websites and use social media such as Instagram or Telegram an active social media in Iran to advertise their products. The companies and firms in this type of market in Iran are westernized and

enjoy their business life skills to increase their profit, number of customers and market share every day.

This results in increase in their share of market compared to traditional market.

The locations of the companies are different in this market and they can be in any city or neighborhood in Iran unlike in the traditional market where the market place is centralized to one or few locations. Since the communication is easy with modern market in Iran it shouldn't be very difficult to approach it. Advertising and marketing are the key concepts in doing business with these type of companies.

The organization structure in these types of companies is mostly team structure but it is possible for them to have a simple structure and decision making goes to higher part of the pyramid as well.

### 3.3 Traditional market in Iran

The modern market is quite familiar and easy to understand for foreign companies. The methods of doing business are almost the same as in other countries, what is challenging in Iranian market can be the traditional market.

People or businessmen who are active in this type of market have completely different methods of doing business and they are culturally different people as well. Most of their customers or suppliers are the same people from many years ago, it is easy to say that being loyal is an important fact in this market as well as trust between the firms. The location of companies in this type of market is at the same place or neighborhood most of the time.

Many of the companies are located in grand bazar in Tehran or other grand bazars in different cities meaning each part of this huge bazars belongs to the same type of business and stores of competitors are exactly beside each other. Their companies are more like to be a traditional store actually, the owners of businesses are mostly old gentlemen who are not always interested in having new suppliers and who are culturally more religious people but not always.

The fact about the volume of their businesses on the other hand makes their market very valuable. Approaching to these type of customers is much harder compared with modern market. Most of the time owners of the businesses prefer face to face contacts if they want to have a new supplier.

Experience and contacts with special people can be very useful for approaching this market as well as have a high level of understanding about their culture. Traditional businessmen are not only concerned about the profit and business itself. Therefore knowing their culture can be essential in doing business with them. Even though some of these companies or better to say stores only own a small location in heart of grand bazars, their level of business and purchasing power can be surprisingly high so losing them is the same as losing a valuable share of the market.

These companies mostly have a simple structure and are owned and manage by one person. Their way of business is very much related to the connection they have which can be vary from loyal local customers in different parts of Iran to governmental connections for solving their legal issues.

#### 3.4 Potential risks in Iranian Market and dealing with them

Like any other environment doing business in Iran comes with its own risks. There are some risks in doing business in Iran but also many ways to neutralize these risks. For having a better understanding about the risks, the author has tried to categorize them into different parts. First risk to consider for doing business with markets in Iran can be called the cultural risk.

Iran is an Asian Country and like in many other Asian Countries respect as a social behavior plays an important role in daily life. Approaching to a potential customer is not only about introducing the product and its features but also consists of a series of behavior to show the customer that the seller respects them and their organization. When doing business with Iranians, it is good to gain knowledge about their cultural

life and their behavior of respect that people have toward each other both in business and everyday life.

For neutralizing this risk it is advisable to hire an employee or a business agent who is familiar with this risk as well as increasing the knowledge about the culture because it has happened many times that a profitable business deal failed due to misunderstanding. Similar cases can be found in other Asian Countries such as Japan, South Korea or India.

This type of risk can be more practical in the traditional market. Knowing the person with whom we are dealing in advance can be very useful especially in this market.

As the other cultural risk which can also be partly legal risk the author can mention the way of approaching, advertising or talking related to Islamic matters. One should know that Iran is an Islamic country, doing business with Iranian companies can be a bit challenging in that sense. Again the sensitivity is much higher when we are approaching the traditional market.

The same way for dealing with the risk is suggested here as well. So hiring an agent, having an Iranian employee or an employee who has done business in Iran and has enough knowledge about these risks in advance can be easy solutions. In the modern market most of the time it is not even an issue. However for arranging legal documents in case of visiting state offices for licenses or any other related matters it is better to remember the fact of the Islamic culture, laws and regulations.

Everyday life in Iran can be a bit hard to understand for a foreigner but after a short time of adaptation with cultural situation the investors can find it very easy to adapt, but sometimes mistakes are unforgettable and can result in losing the business deals. This doesn't mean that is impossible to do business with Iranians.

By getting familiar with the business culture it can be very easy to handle such risks and make the risk as small as possible. Losing the business with customer in traditional market can be the worst case scenario and as mentioned this type of risk is unlikely to happen in modern market. So having an accurate market insight is very smart when doing business in Iran.

Finally if the investors are not very familiar with the business environment or the potential customers, it is advisable to be careful. It happened a foreign investor got cheated in the transaction of money or goods, meaning it is wise to be careful when starting a business with a stranger before having a good level of knowledge about the firm. There are governmental offices that can approve the originality of the companies and their business IDs like in any other country in the world.

Finns are considered the most honest people in the world, this honesty can make the business challenging if not being careful in foreign investment. Of course the possibility of this risk is extremely low and there is nothing very crucial to be worried about only being careful and doing business as agreed between two parties is advisable. Again a trusted Farsi speaker agent with experience can be helpful to clear a doubtful situation.

## 4 INTRODUCTION OF THE CASE COMPANY

### 4.1 Case company Karava Sauna

Karava Sauna is a family owned company with 11 employees established in 1988. The company is operational in manufacturing of wood products such as sauna benches, panels, moldings, terrace boards and Thermowood. Current location of the company is in Pirkkala in Finland and their total revenue was 3, 15 million € in 2016.

The company also design and implement Saunas and bathrooms. Their main export are mostly Thermowood which can be used for making saunas, and is very popular in construction of buildings and houses almost everywhere in the world.

Karava has been producing Thermowood for a long time and is a member of Thermowood Associations. Their raw materials are aspen, black alder, thermos aspen, hemlock, and cedar and thermos ash (Website of Karava Oy 2017).

20-25% of revenue comes from exporting to countries from Columbia to Australia. Their biggest international customer is already from Iran, Tandis Tejarat Arman LTD is the only customer Karava has in Iranian market. Karava has 50 to 60 corporate customers, most of their customers are either wholesalers or retailers of the products. As for their supplier alder and aspen are imported from Latvia and Lithuania as raw materials. Cedar is imported from Central Europe.

One of the strong points of Karava is their machinery which is modern and up to date with the best possible technology available in the market.

#### 4.2 Thermowood products and other main products of the case company

To understand what Karava is and what they actually do, one needs to understand what is their most interesting and popular product.

Thermally Modified Wood is wood which has been changed and modified with a thermochemical decomposition with organic material at elevated temperatures when there is no oxygen. In more simple words Thermowood is heated in a special way to increase its quality and at the end of the operation Thermowood has better capacity both in quality and life time. The whole process of creating a piece of Thermowood can take between 48 to 96 hours.

Thermowood is very useful in construction of many different products such as Saunas, frontage of buildings and actually is a very beautiful wood product that can give a nicer look to any building and structures.

The reason that Thermowood has been used in saunas is its resistance against water and steam. It is good to know that one of the main process of creating Thermowood is a Finnish invention.



## 5 MARKET SEGMENTATION OF IRANIAN MARKET

### 5.1 The concept and use of segmentation

Segmentation in word means division into separate parts or sections. A market segmentation is about the process of dividing market into different sections in order to study them, segmentation means to divide the marketplace into parts, or segments, which are definable, accessible, actionable and profitable and have a growth potential. In other words, a company would find it impossible to target the entire market, because of time, cost, and effort restrictions. It needs to have a definable segment (Website of The Economics Times 2017)

A market segment consists of a group of customers who share a similar set of needs and wants. Rather than creating the segments, the marketer's task is to identify them and to decide which ones to target. (Kotler, Keller & Brady 2009, 334.)

Buyers in any market differ in their wants, resources, locations, buying attitudes, and buying practices. Through market segmentation, companies divide large, heterogeneous markets into smaller segments that can be reached more efficiently and effectively (Kotler & Armstrong 2014, 215)

The subject of the research is very much related to finding potential customers. In order to find these customers, first segmenting the market place is needed.

The author used market segmentation in order to have an understanding about the market which business is conducted. The segmentation of market place is related to the type of business which will to be executed meaning the market place segmentation has to have the ability to explain the classification of business will conducted. Therefore the segmentation in the thesis is about both business-to-business and business-to-consumer markets.

As a part of this thesis, this is very useful to have an understanding about the existed and available potential customers in Iran. Therefore collection of information and segmentation of the market in Iran is needed.

At first a definition of the markets are necessary. Business-to-business markets have a more complex decision-making unit. Purchasing Thermowood for instance can involve technical experts, purchasing experts, production managers, sales managers and even the CEO of the company. The mentioned type of involvement is more usual in modern market in Iran. On the other hand in the traditional market the decision makers are the owner of the companies since they have a simple structure, as a result approaching them can be easier and less complex compare to other market in decision making analyze part.

There is no question that business-to-business buyers are more rational and technically they buy what they need either for future direct selling or using the products as raw materials for production. It is part of their operation and they will put a lot of consideration to their purchase.

A simple explanation for business-to-consumer market is that target customer simply do not put a lot of effort to their purchase and often happen they even buy something that they don't need and this makes segmentation of their market much less complex.

The author do not argue that the final customers and consumers needs are not to be considered. In the segmentation of business-to-business markets and as final buyers their needs plays a key role in the whole process of segmentation.

The buyers of Karava's products in Iran will consider these needs strongly therefore the research has to consider them as well. This means if the potential customers want to sell their products to another firms, they also and are operating in business-to-business markets. Therefore their customers' needs are to be considered also in the process of analyzing.

On the other hand business-to-business target audiences are a smaller group to be segmented compare to consumer target. Another fact to be considered is in such a market there are fewer behavioral and needs-based segments.

Identification of some details are important in business-to-business markets such as company size, purchase volume and job functions. These can give a researcher the right direction in the segmentation of the target market.

The method used in the segmentation is concentrating on firmographic and company size. Another important details to be considered are about the company needs such price, delivery and quality sensitiveness.

In this thesis the author does not deeply going through delivery part but the price and quality sensitiveness will be evaluated.

Since this thesis is about potential customers for the case company and not focusing on final consumers, the segmentation of the Business-to-consumer market briefly explained.

## 5.2 Segmentation of Iranian business-to-consumer market

Companies cannot connect with all customers in large, broad or diverse markets. But they can divide such markets into groups of customers or segments with distinct needs and wants. A company then needs to identify which market segments it can serve effectively. This decision requires a keen understanding of customer behavior and careful strategic thinking.(Kotler, Keller & Brady 2009, 333.)

Consumer and business marketers use many of the same variables to segment their markets. Business buyers can be segmented geographically, demographically (Kotler & Armstrong 2014, 222.)

A business-to-consumer segmentation is segmenting different markets into different sections according to the final consumer needs and behavior as well as their location, the most usual type of this segmentation is focusing on Geographic, Demographic, psychographic and behavioral segmentations. As mentioned the needs of final consumers are important in this thesis therefore the segmentation of their market is essential.

Companies can segment international markets using one or a combination of several variables. They can segment by geographic location, grouping countries by regions (Kotler & Armstrong 2014, 223.)

There are many variables to consider for segmenting a business-to-consumer market for market segmentation in Iran.

The demographic segmentation divides customers into segments based on demographic values such as age, gender, family size, family life cycle, income, occupation, education, religion, race, generation social class and nationality (Armstrong & Kotler, 2005, 187.)

The Demographic segmentation categorize people as final customers and divide them in different groups.

Iran's population has been increasing after the political revolution after 1979 but reaching about 75 million in 2011. After this year however the birth rate has been decreased significantly. The Iran's population will stabilize above 100 million by 2050; (Website of the Census 2017). At the moment the population of the country is about 81 million (Website of the Worldometers 2017)

The structure of age shows more than half of this 81 million are less than 35 years old making the country potentially good and available for future investment. The adult literacy rate (more than 15 years of old) was 85% in 2008 and youth literacy rate was more than 98% in 2012.

The highest Annual growth in birth belongs to following states, Alborz with 3.04, Hormozgan 2.37 and 2.07 for Kerman (between 2006 and 2011).

Iran is the 18<sup>th</sup> biggest country in the world in size and has a diversity of ethnic groups. The following pie chart explains the different ethnic groups in Iran between 2012 and 2014 (Website of the World Factbook 2016).

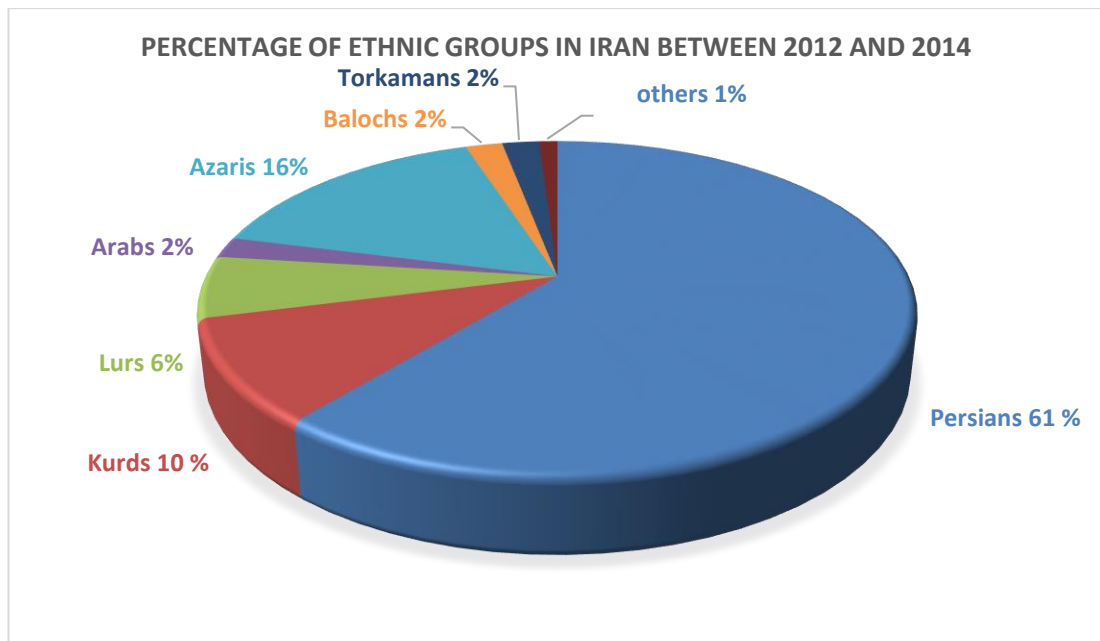


Figure 2. Percentage of ethnic groups in Iran in a pie chart

Iran hosts one of the largest number of refugees in the world with more than one million with the highest number of Afghan refugees about 90% of the whole numbers of refugees in Iran.

About 51% of Iran's Population are male and 49 % are female. The reality of gender equality is more than what media covers in western countries by the author's personal observation. The role of women is increasing in the society but of course the gap between is still huge according to statistics.

Iran has a large public sector in economy and about 60% of the economy is centrally planned. The economy is following the oil and gas production industry as the biggest sector of Iran's Economy and there are 40 industries involve in Tehran Stock Exchange.

Iran is ranked 18<sup>th</sup> country in the world in Purchasing Power Parity (PPP) and 27<sup>th</sup> in Gross Domestic Product (GDP). The GDP per Capita was 5937 USD in 2014; (Website of the Trading 2014).

The country is a member of major trade organizations such as The Gas Exporting Countries Forum (GECF), and a founding member of OPEC.

Petroleum is almost 80% of Iran's export. Other important exports are methanol, hand-woven carpets, automobiles, Copper, cement, leather, textiles, fruits, saffron and caviar.

The biggest trading partners of Iran are China, India, Germany, South Korea, Japan, France, Russia and Italy (Website of the Press TV 2008).

The sizes and establishments of the companies are small and not bigger than medium usually. Iran is not a very industrial country ranked 39<sup>th</sup> in the world in 2008 and most of the firms are either small or medium in size this fact is applicable for related companies to Karava's products.

Oil and gas industries are definitely the first industry in terms of size, profitability and level of activity in Iran. Having the fourth largest resources of oil and second largest resources of gas in the world are the main reasons.

Iran become self-sufficient in designing, building and operating of power plants, and the whole country enjoys electricity power. More than 80% of the country uses gas as a natural energy.

Electronics and computer industries, telecommunications, banking industries, tourism industry, naval industry and machine tools are other increasing industries in Iran in recent years.

### 5.3 Segmentation of Iranian business-to-business market

In business-to-business life the product and service are not homogeneous mass, therefore we can divide them into some distinct groups.

The firmographics can be a good and common approach for such segmentation related to the thesis. The facts such as company size, locations and type of business activities are common to be segmented.

Primary and secondary data has been gathered in order to realize the features of the potential customers. Having a database about these potential customers and categorizing them into different groups which are relevant are other important topics to be considered.

A good level of understanding about competitors based inside and outside of the target market can be another possible results of right way of segmenting a business-to-business market. By understanding different segments in Business-to-business market the unique approaches to each one of them can be identified.

In this thesis finding potential customers is the center of concentration and focus. The segmentation of the market is very valuable to gain knowledge about these potential customers but only those parts of these segmentations which will be useful for the thesis is evaluated because there are many ways and approaches in segmenting a market.

The unavailability of direct observation, focus groups and workshops to evaluate the customers face to face made the author to use the other ways of approach in Business-to-business segmentation such as cluster analysis and primary data collections and exploring secondary data.

Internet, books, questionnaires are the sources. The author personal observations as an Iranian who has done business in Business-to-business sectors can be valuable because it made the author more familiar with a unique cultural business environments.

In cluster analysis related operational companies were categorized into different groups and have been analyzed.

Big cities such as Tehran, Karaj, Tabriz, Isfahan and Shiraz are the host of most of the companies operational in this sector of business.

In 2014 about 81,000 small industrial units have employed more than a million people in Iran which shows the improvement in industrial sectors.

In sampling of 18 companies operational in wood industries in Iran it is understood that the number of employees vary from 3 to 500 the results in table below categorize them within five different groups (Website of the Wood Companies from Iran 2017).

Table 1. sampling of company size from possible potential customers

<b>3 companies</b>	<b>Up to 5 employees</b>
<b>3 companies</b>	<b>Up to 10 employees</b>
<b>5 companies</b>	<b>Up to 20 employees</b>
<b>3 companies</b>	<b>Up to 50 employees</b>
<b>2 companies</b>	<b>Up to 100 employees</b>
<b>1 company</b>	<b>Up to 200 employees</b>
<b>1 company</b>	<b>Up to 500 employees</b>

This table shows the most concentration in number of employees in wood sector in Iran is up to 20 employees and most of the companies are medium size in number of employees which is almost 80% in this random sample.

An important and key categorization in the thesis is about dividing the Iranian market into two different traditional and modern market.

It is worth to mention the wood products industry can be traced to 4200 BC in Iran as an ancient country but modernize industry started to glorify around 350 years ago.

Even though the raw materials for wooden products are not very much available in Iran, the consumption level is quite high this fact make the import of wood to be more and more every year.

As explained Iran has a culture of using wooden product but due to lack of resources wood as a raw material and other wooden products are imported from all around the world.

The table below shows the import of wood and its value in year 2011 from different countries according to World Bank.



Table 2, wood import to Iran from different countries and regions and their percentage; (Website of the World Bank 2011).

Country : Iran, Islamic Rep. Year : 2011 Trade Flow : Import Partner : All Partners Product : Wood

Partner Name	Import (US\$ Thousand)	Import Product Share (%)
World	2,207,616.48	3.23
Europe & Central Asia	764,663.82	3.82
Middle East & North Africa	722,920.37	3.85
United Arab Emirates	699,370.55	3.85
East Asia & Pacific	620,512.79	4.10
Korea, Rep.	230,735.56	5.13
Turkey	229,270.49	7.45
China	177,660.62	2.52
Russian Federation	167,627.98	28.63
Austria	135,786.35	17.84
Thailand	88,065.37	34.70
Indonesia	81,319.25	39.80
Germany	77,545.16	1.97
Free Zones	44,157.50	4.60
North America	36,172.49	13.85
United States	33,175.15	23.75
Malaysia	27,338.43	4.81
Spain	25,788.18	5.24
Sweden	25,594.80	2.82
Azerbaijan	19,942.30	49.59
Ireland	15,497.21	9.67
Saudi Arabia	12,768.68	9.05
Italy	12,547.57	0.73
South Asia	10,163.99	0.58
Finland	8,568.51	8.79
Switzerland	8,500.65	0.33

1/4

The reason a country such as United Arab Emirates has one of the highest amount of wood import to Iran considering the fact that United Arab Emirates itself has lack of natural resources of wood is at the time of economic sanctions United Arab Emirates played as a middle man and provided wood for Iran from all around the world. In the

research it was understood the traditional market had the exclusive market of wood products during the time of sanctions with Arab countries such as United Arab Emirates.

The potential customers in this research are a list of producers or companies who are interested to buy Karava's products such as Thermowood or other type of woods to use them as raw materials for production, assembling them for saunas and construction, selling them as suppliers and wholesalers to other companies.

Iranians have been using saunas for more than forty years. Saunas have a lot of fans in the country many of new buildings and apartments have installed saunas inside and there are considered to be very healthy therefore the popularity increases every day.

The potential customers have to have few specific indexes such as the abilities to purchase a certain amount of products from Karava to be valuable to do business with.

The needs and preferences of the potential customers definitely varies and very much depends of their own customers as well. After the questionnaires were conducted it was understood that the quality of the products, methods of payment, the preferred designs and timing of the delivery are the most important factors that the possible potential customers may consider as the most important details of business. These information can be crucial in the evaluation of the market and future decision making management.

More than 50% of the customers who answered the questionnaires preferred to have desired design not according to the global standard or fashions but relevant to their final customer's wishes and Iranian culture preferences. About 70% preferred the longer method of payment than the normal average of the market at first year of business in order to evaluate the supplier for future investments.

As well as the variety of their preferences, their methods of business also are different. Some of these potential customers prefer to do business in a more westernize way, being straight forward in business, using every day and cheap technology to evaluate the market and academic approaches, but most of them at the moment prefer to trust their guts in business and as mentioned a simple pyramid structure of most of these companies results in this fact.

On the other hand the modern market potential customers seem to focus more about profit therefore the decision making process seems to be improving in order to achieve a higher level of profit, this as well results on changes in the structure of the decision making units and company structures changes to be more in team and group working style.

Doing business face to face, gaining trust and using the advantages of the good relationship with the supplier are also very important for these potential customers.

In the traditional market almost there is no companies which trust an online version of business, more than 80% of the modern market also prefers to do business with an agent of the company in Iran for at least first few times to increase the level of trust. Apparently Iranian do not trust their suppliers before they prove themselves in business and seem to be careful in every step of the process of business.

## 6 METHADODOLOGY

A research method is a way of conducting and implementing research. Research methodology is the science and philosophy behind all research. It goes into the heart of how we know what we know and allows us to understand the very strict constraints placed upon our concept of what knowledge actually is. (Adams & Khan 2007, 25.)

In the methodology part of the thesis the research design, the research methods, the data collection and the validity and reliability of the thesis will be explained.

A qualified research tries to follow the right path in order to gather information in an academic way and the correct methodology is a crucial essence to achieve this matter.

## 6.1 Research design

Research design is the blueprint for fulfilling research objectives and answering research questions. In other words, it is a master plan specifying the methods and procedures for collecting and analyzing the needed information. (Adams & Khan 2007, 81.)

The availability of research designs were limited due to special characteristics and the chosen environment of the thesis topic therefore it is safe to say the descriptive method is the only method to approach to such a topic and any other research design such as experimental, correlational, review and semi experimental would be irrelevant.

The author chose descriptive research design because of the existence of a case study and the relevance to the topic of the thesis.

The object of the descriptive study is to gather information that gives precise profiles of people, events or situations. It is vital that the researcher has a clear picture of the phenomena that he or she wants to study and collect information (Saunders, Lewis & Thornhill 2003, 97).

In this thesis the author decided to focus on the matters that are crucial and related to the phenomenon studied. The information about the company was collected by visiting the company and interviewing the CEO of the company Mr. Jaakko Soini but these information were not directly used in the research because it was done only to have a background about the company and is not directly connected to the topic.

## 6.2 Research methods

According to the topic it was decided to use mostly qualitative research methods since this method can be very useful to understand customer behavior as well as the wishes of the potential customers and can be a strong start point for future customer relationships. The quantitative methods were also used in some parts so it is safe to say that the thesis is a combination of both qualitative and quantitative research, but it is still mainly based on qualitative data.

This type of research uses a number of methodological approaches based on diverse theoretical principles. It employs methods of data collection and analysis that are non-quantitative, aims towards the exploration of social relations, and describes reality as experienced by the respondents. Qualitative research methods have long been used in the field of social sciences. (Adams & Khan 2007, 26.)

The qualitative research is about revealing answers instead of investigating the existed ones. In qualitative research it is advisable to choose the target group carefully instead of random sampling methods.

Quantitative research refers to the type of research that is based on the methodological principles of positivism and neo-positivism, and adheres to the standards of a strict research design developed prior to the actual research. It is applied for quantitative measurement and hence statistical analysis is used. (Adams & Khan 2006, 26.)

In Business-to-business life there are still human being playing the most important roles therefore qualitative research which is a useful method is suggested to study the human behavior such as questionnaires and case studies.

Quantitative research mostly studies numerical data and variables therefore this method were partly used for random sampling to gain information about the segmentation of the Business-to-business market and study the larger populations. However, as it was mentioned most of the research methods in this thesis is based on qualitative research.

A very important part of the thesis is about segmenting the market, both in Business-to-business environment and business-to-consumer environment. It is easy to see that business-to-business environment is much more related to the topic. But this does not mean that the author does not need to have any information on the business-to-consumer environment, since the consumers play an important role in this thesis as the final users of the case company's products.

To have an appropriate and logical segmentation about business-to-consumer market quantitative research has been applied more often in this part of the research.

Competitor analysis was used to gain information on Karava's competitors in the market and the specific method that was used, was benchmarking.

The problem here was that there was not much useful information and the author had to rely on the information that he could gather on the potential Iranian customers, mainly from their websites.

Unfortunately there are no statistics or other related type of data about Karava's competitors. However, in the questionnaires used in the thesis, there were a few questions related to the suppliers which was helpful in order to have a better understanding about the competitors in the market, the potential customer's websites were also another source to identify these competitors.

### 6.3 Data collection

An important aspect of research design and the ability to achieve the research aims and answer the research questions depends on the effectiveness of data collection. In student work you must think about the practicality of obtaining the required data in the available time period and also the accessibility to the field site. This means that careful consideration and planning of data collection is required. (Adams & Khan 2007, 107.)

Questionnaires are a convenient way of collecting data. When there are needed information about of potential customers we the ideas about the customer behavior and expectations are needed. This can be done by collecting information about the point of views of these potential or existing customers. Therefore in this thesis open-end format questions has been used in the questionnaires, because this method can encouraged the participants to share their ideas and suggestions (Website of the source2India 2016)

Open-end questions are questions in which respondents are asked to describe issues or state their views and feelings. Answers are given as textual statements. How to analyze these answers is both time consuming and difficult. (Adams & Khan 2007, 132.)

The questions have predetermined set of questions but as mentioned they are open ending type of questions which allows the interlocutors to put more information from their own perspectives.

The questionnaires have been sent to many of the potential customers and 5 have answered to them. Each questionnaires has 10 questions and all of them have been sent by email.

The answers can be a big help in order to increase suggestions and it is very important for the author and the case company to understand the customer's point of views and it is very suitable for qualitative research method.

In this thesis the author own knowledge and previous observations are also added to the data collection.

Reliable books, the research methods course teacher's material, internet webpages for academics purposes and the webpages for potential customers, competitors and statistical companies' webpages were other sources that have been used during writing this thesis.

#### 6.4 Validity and reliability

In every step of an academic or scientific research, there is a need to evaluate the validity and reliability of the data and information that is used. In validity simply the verity and trueness are important and when others will repeat the study the reliability shows itself. These two can be extremely important when the academic research is done and can be cornerstones in a research.

Reliability can be estimated through these three questions 1)would it be possible to achieve and replace the measured results obtained in other occasion 2)could other researchers come up with similar results in a similar situations ?3)is there transparency

in how the collected data has been transformed into rational research(Saunders et al.2003,101)

The validity of a research is more about what the researcher finds and if they are what they seem to be. In other words in validity part we are challenging the facts that if we have the right answers.

When it comes to gathering statistics from Iranian webpages specially those which somehow either governmental webpages or related to the state, the validity of information sometimes can be challenged, since it sometimes happen the researchers followed an instructions for a reason instead of doing the real research. Unfortunately the same situation can happen when a researcher does statistical research about Iranian environment in order to follow a political reason from outside of Iran and other countries as well.

The unique political situation in Middle East and the political relationship between Iran and western countries can be a reason for that. This of course is not always the case and in the thesis the author tried to avoid these type of webpages to have a clearer point of view about what he is doing in the research. The academic approaches, the author personal experience as an Iranian and avoiding using some webpages that have been accused of using wrong data were the methods have been used to avoid these situations.

All questions asked to potential customers in questionnaires were in Farsi. The reason is the author wanted to make sure the people who answered the questionnaires fully understood the questions which ends up with the higher quality with the answers.

## 7 RESEARCH FINDINGS

As an important part of the thesis it is crucial to analyze the data and information that has been gathered from various sources and to come up with results and findings for the research thesis. It is worth to mentioning that finding an appropriate customer list



for the case company was the main part of the work here but communications and starting the actual business can be another challenging story which will hopefully be done by Karava.

## 7.1 Research results and analysis

During the research and analyzing different information and data from different sources it was understood the audiences of this thesis have to have a high level of understanding about the complex Iranian market which is deeply tied to its unique culture and also on the academic research results from this thesis.

In the chapter on Iranian business environment the author tried to partly cover these cultural facts. In this chapter also the Iranian business culture was explained more as well as social and cultural life in Iranian environment. It is obvious this information is not the main part of the research results and the academic approach. Finding and analyzing the research make this research results useful for readers.

A big part of Karava's product are Sauna Materials. Thermowood can be the main materials for saunas. An example to what was written about the cultural differences earlier is that the sauna which people use in Finland is called Dry Sauna in Iran there is a Steam Sauna as well which is similar to a steam bath in Western Culture or Hamam or somehow Turkish bath in more Eastern or Middle East cultures. There are pictures of both types of saunas in appendix 2. The difference between Dry Sauna and steam sauna in Iran. (Website of the Technical Tebyan 2016).

Unfortunately there has not been a study on the number of saunas in Iran. In past years, saunas both steam and dry saunas were mostly located in public pools but in recent years especially in the last decade, the number of households who have sauna in their houses or apartments has been increasing.

In the research it was understood that the Iranian market was suffering from economic sanctions. The country could hardly use the same methods of business as rest of the world. Transactions of money was difficult because all Iranian banks were in economic boycott.

In order to have a successful investment in Iran the investor has to gain a deep knowledge about the culture and the way business can be done in Iran. As mentioned the Iranian market is divided into two general category the traditional and modern market the same is for wooden product, Thermowood and sauna materials market as well. Unfortunately in this thesis the author could not get connected to the traditional market because he was not in Iran at the time of writing the thesis and the level of trust is very low for even contacting a new supplier with other methods of business except face to face.

The same is true also for answering and revealing any information about their business. In other words all the businesses is conducted face to face and inside the circle of trust in this category of market. In order to attract this category of the market Karava's representatives or business agents need to physically meet the business owner for at least few times and have meetings with them to build up an acceptable level of trust and to start doing business with them.

The location of this category of business is mostly in grand bazars of Tehran, Tabriz and Shiraz and there are absolutely no information about their level of business via internet and there are no researches or studies that have been done for traditional market. Observation and face to face interviews are the only way to increase information on this market. Even though the author was successful in finding a few phone numbers and contacted few of the owners in this category none of the businessmen were interested to reveal any information related to their businesses and often happened to get suspicious about the nature of the phone calls and misunderstanding it either being a prank or coming from a competitor.

For those who believed the nature of the phone calls many denied to answer and mentioned a good business man does not reveal information to someone they don't know.

The author has been working in Tehran Grand Bazar for some months around 10 years ago.

According to the past personal observation at the time of living in Tehran, the author can say that the scale of businesses is not small in this category of market since the quality of business does not come actually from how to do business but mostly from what kind of connections these people have in the governmental offices or among themselves to cross the legal barriers which can stop their competitors specially in modern market. However according to the research their share of the market is decreasing due to the expertise of modern market in doing business. On the other hand the traditional market share is still impressive and it is believed that this market worth further investigation and research.

The geographical concentration of potential customers for Karava's products is Tehran the capital city of Iran.

The Modern Category seems to be more available and the communications were easier. After finding a few potential customers through their website the author was able to communicate and send them the questionnaires which gave valuable information and a satisfactory level of understanding of the market.

This market has a higher share in Thermowood sales and is more interested to increase relationships with international suppliers. Negotiation can be a key word in doing business with this market but as a rule of thumb in Iranian business environment the supplier needs to gain trust before starting the actual business even with modern market in Iran. This category can be the primary target market for Karava and maybe very valuable in close future.

During the research it was also found out the size of the market for Thermowood is very large. Thermowood is widely known in Iranian market and has a strong position in the market. The final consumers are very interested in Thermowood due to its quality and the different look of Thermowood compared to normal woods therefore Thermowood is very valuable among suppliers and customers.

Based on data collected in Market segmentation in Iranian business-to-consumer a typical Iranian user in this criteria can be a household renewing a building and because of the popular style of Thermowood in frontage of the building and the life time of the

material, they decide to hire a contractor to change the frontage and even maybe use Thermowood in internal design of the apartment or any other kind of house.

A typical buyer in business-to-business market can be the contractor or contractor suppliers, a modern market type of company with an office in any part of Tehran with a warehouse somehow close to the location of the office.

This company may have expert employees and also marketers for developing the products and find new markets or customers.

Unfortunately Karava does not have a good share of this market even though their biggest international customer is an Iranian company. On the other hand its competitors have much higher shares and some of them even have started direct investment in Iran. Few of Karava's competitor both from Finland such as Finnwood and outside Finland like Novawood from Turkey started their own branches in Iran and are distributing their products in Iranian market directly.

This shows the capacity of the market and how Karava is missing this valuable share of the market.

Unfortunately the author saw an illegal misuse of Karava brand by a company in Iran which shows Karava needs to intervene directly in the market instead of having a partner who is not willing to share information with the company.

In table 3 a list of Karava's competitors operating in the Iranian market is presented. Unfortunately there is not any information about their market share and which one has the largest portion of the market with appropriate statistics. On the other hand the author tried to classify them from biggest to smallest according to the data which was collected from their website, their customers' websites and from the questionnaires. It is worth to mention that Karava has a much smaller number of customers compared to any of these competitors in Iranian market and its position in the table would be the last one.

Table 3. List of the main competitors of Karava operational in the Iranian market

Name of the Company	Details
<b>Mazand Choob Aria</b>	An Iranian Thermowood association member with lots of customers in Iran and Middle East
<b>SLP</b>	With their Iranian branch SLP also has a fair share of the market
<b>Finnwood</b>	They have their own Iranian branches and are selling to many customers in Iran
<b>Novawood</b>	A Turkish Thermowood association member. They have their own branches operational in Iran
<b>Stora Enso</b>	They have lots of customers and an office in Tehran, Behsaman Sanat an Iranian well-known company is their exclusive seller in Iran
<b>HJT-Holz Oy</b>	Another Finnish company with direct investment in Iran
<b>Kebony</b>	Norwegian company with several customers
<b>Ekosampo Oy</b>	Another Finnish Company which has some customers
<b>Baltic Wood</b>	A Polish company with reasonable prices
<b>Woca</b>	A Danish company with some customers
<b>Haserv</b>	Estonian Company with some customers

Before moving to the next part it is important to mention that although the author communicated several times with the Iranian business partner of Karava Sauna Tandis

Arman Tejarat he did unfortunately not receive any reply from them even after sending them many emails. This company is the only Iranian business partner of Karava and after Karava will find more customers in the market they may lose part of their business to Karava and their customers may directly get connected to Karava with better prices and terms of business. Based on these reasons it is possible they were not interested to replay to the email because the author was clear with the nature of the thesis in the email to them.

After analyzing the information it is suggested that Iranian companies in modern market would be the target market due to its availability and better share of Iranian market, business with them can be mostly conducted in a developed way by hiring educated employees to boost their business capacity and knowledge. However they still could not accomplished reasonable relationships with international suppliers in general and there is space for international companies to invest in Iranian market. This lack of international suppliers even with lack of natural resources in the market can be caused by long term economic sanctions and lack of experience in international field of business from the Iranian companies.

The traditional market provided wood products for decades in Iran from their mostly Arab Business Partners.

There are some points to be considered in this part of the thesis. First as mentioned the traditional market is losing their share to modern market because the modern market practices better business but it is essential to know that this higher share has happened only in recent years. In table 2 in 2011 United Arab of Emirates was one of the biggest business partners in wood products as a supplier of raw material for Iran even though the country itself is suffering from lack of natural resources in wood market and acted as a middle man during years of sanctions. The traditional market in Iran has a reputation of doing good businesses with Arab countries.

During the time of sanctions in Iran businessmen from traditional market were the only ones who had the abilities, resources and legal connections to import wood products from international and mostly from their Arab business partners.

The young modern market could not achieve the same level with them because of many legal barriers in the market and more importantly the economic sanctions rest of the world put on Iran.

After better relationships and international investments these companies from modern market started to grow drastically but as mentioned they still need more experience in international market. This is the reason for an excellent situation of international investment in Iran.

Another point to be considered is this excited gap for international investment in Iran. As the number of customers in modern market in Iran is increasing, there will be a decrease in traditional market which is harder to communicate and do business with. However at the moment the gap exists and traditional market has its own value.

After analyzing the questionnaires and considering the data that was gathered some key interests of the potential customers could be specified. Main points to consider are timing of the delivery, availability of the products in any season, prices and competitiveness, quality of the product, design based on customer's needs and not by the standards specially for sauna raw materials.

## 7.2 Potential customer for the case company

In this thesis it was found out that there are two major types of potential customers for Karava's products.

First type of potential customers buy wood products for further usage either by selling them forward as a supplier to other companies or using them in manufacturing of other products. In this case raw materials are mostly Thermowood which mostly is used for building frontage and facades or constructions but there are other uses as well.

The other type of customers are the designers and implementers of saunas, panels, sauna benches and sauna related products. These companies are mostly contractors and producers of saunas who can introduce and expand Karava's brand in Iranian

market. This category of customers are much weaker in buying power and less valuable compared to first type.

The chance of having a better share of the market is much higher in terms of selling Thermowood directly to type one customers. As mentioned according to the research Thermowood already found its rightful position in the Iranian market as a Finnish product and potential customers seem to be interested in having good quality products and the capacity of market is quite high.

The list of potential customers is presented in table 4.

The potential customer listed in table 4 are mainly Thermowood buyers but there are also few sauna contractors and manufacturers. However they are almost the best ones in the country.

There is a list of most valuable potential customers among many of the possible ones the author decided to choose them due to the quality of their method of business, quality of their websites, scale of business and locations.

Other than the mentioned potential customers there are three different internet data based centers to update the information. These websites offer various lists of related small, medium and big size companies operational in businesses raw material based on Thermowood. All three websites are in appendix 4 of this thesis.

Table 4 Table 4. Potential customers for Karava in the Iranian market with their contact information included

Company Name	Website	Email	Phone Number
<b>Ariyan Estakhr</b>	<a href="http://xn----ymcbjbcjv1adp8u27d.com">http://xn----ymcbjbcjv1adp8u27d.com</a>	Info@ariyanestakhr.com	021-22846435
<b>Aylar Estakhr</b>	<a href="http://www.aylaresta.khr.com">http://www.aylaresta.khr.com</a>	Info@aylarestakhr.com	021-88624192
<b>Ariana Rookesh</b>	<a href="http://www.ariyanarookesh.com">http://www.ariyanarookesh.com</a>	Through website	021-33287119



<b>Acadbana</b>	<a href="http://www.acadbana.com/fa/pages/27">http://www.acadbana.com/fa/pages/27</a>	Info@acadbava.com	021-26406370
<b>Ala Wood</b>	<a href="https://ala-wood.com">https://ala-wood.com</a>	alawoodgroup@gmail.com	09190884492
<b>Airis Taban</b>	<a href="http://www.iritaban.com">http://www.iritaban.com</a>	Through website	021-22286212
<b>Amitis Choob</b>	<a href="http://amitiswood.ir">http://amitiswood.ir</a>	<a href="mailto:info@amitiswood.com">info@amitiswood.com</a>	021-22224657
<b>Bridge</b>	<a href="http://www.bridgeco.ir">http://www.bridgeco.ir</a>	<a href="mailto:info@bridgeco.com">info@bridgeco.com</a>	021-88072467
<b>Bana Afroozan</b>	<a href="http://banaafroozan.com">http://banaafroozan.com</a>	<a href="mailto:sale@banaafroozan.com">sale@banaafroozan.com</a> <a href="mailto:banaafroozan.con.co@gmail.com">banaafroozan.con.co@gmail.com</a>	071-32276892
<b>Choob Market</b>	<a href="http://choobmarket.ir">http://choobmarket.ir</a>	<a href="mailto:sales@choonmarket.ir">sales@choonmarket.ir</a>	021-26705605
<b>Deco Wood Iran</b>	<a href="http://www.decowoodiran.com">http://www.decowoodiran.com</a>	<a href="mailto:info@decowoodiran.com">info@decowoodiran.com</a>	021-88565311
<b>Deniz Wood</b>	<a href="http://www.denizwood.com">http://www.denizwood.com</a>	Info@Denizwood.com	09194939365
<b>Ewood</b>	<a href="http://www.ewood.ir">http://www.ewood.ir</a>	Through website	021-89784193
<b>Harmonic Form</b>	<a href="http://www.harmonicform.ir">http://www.harmonicform.ir</a>	<a href="mailto:info@harmonicform.ir">info@harmonicform.ir</a>	021-76213856
<b>Kashaneh Aria</b>	<a href="http://kashaneh-aria.com">http://kashaneh-aria.com</a>	Through website	021-88616480
<b>Kimia Wood</b>	<a href="http://kimiabam.ir">http://kimiabam.ir</a>	info@kimiawood.ir	021-28421236
<b>Mohandesi Alfa(Alfa engineering)</b>	<a href="http://alfaao.ir/?page_id=108">http://alfaao.ir/?page_id=108</a>	eo.alfa@gmail.com	021-88552051
<b>Negin Azin Part</b>	<a href="http://www.neginazinco.com">http://www.neginazinco.com</a>	Info@neginazinco.com	021-88989075

<b>Nama Choob Shomal</b>	<a href="http://www.namachoob.com">http://www.namachoob.com</a>	info@namachoob.com namachob_shomal@yahoo.com	011-43081271
<b>Persian Pool</b>	<a href="http://persianpool.ir">http://persianpool.ir</a>	info@persianpool.ir	021-43840911
<b>Pars Aray Kohestan</b>	<a href="http://www.parsaray.com">http://www.parsaray.com</a>	<a href="mailto:Info@parsaray.com">Info@parsaray.com</a> <a href="mailto:Saleh.fakhfouriparsaray.com">Saleh.fakhfouriparsaray.com</a>	021-22631405
<b>Parsian Choob</b>	<a href="http://parsianchoob.com">http://parsianchoob.com</a>	Through website	021-22827003
<b>Pars Wood Fadak</b>	<a href="http://pwf.ir">http://pwf.ir</a>	Through website	021-22148771
<b>Parax</b>	<a href="http://thermowoodasia">http://thermowoodasia</a>	info@paraxco.ir	021-88569309
<b>Pars Sazeh</b>	<a href="http://www.parssazehco.com">http://www.parssazehco.com</a>	<a href="mailto:info@parssazehco.com">info@parssazehco.com</a>	09121433607
<b>Pars Wood</b>		Archive, karimi@gmail.com	09127393629
<b>FRahavard Choob</b>	<a href="http://rahavardchoob.com">http://rahavardchoob.com</a>	info@rahavardchoob.com	021-88566402
<b>Rashawood</b>	<a href="http://rashawood.com">http://rashawood.com</a>	<a href="mailto:info@rashawood.com">info@rashawood.com</a>	021-26702047
<b>Rahaa Choob</b>	<a href="http://rahawood.com">http://rahawood.com</a>	Through website	021-26419463
<b>Ravand Iranian Pishroo</b>	<a href="http://ravandco.ir">http://ravandco.ir</a>	<a href="mailto:zamani@ravandco.ir">zamani@ravandco.ir</a>	021-88563675
<b>Soba Sakht Mazandaran</b>	<a href="http://sobatsakht.ir">http://sobatsakht.ir</a>	<a href="mailto:Sobat.sakht-mazandaran@yahoo.com">Sobat.sakht-mazandaran@yahoo.com</a>	011-32365694
<b>Saman Sazan Engineering Group</b>	<a href="http://www.samansazan.com">http://www.samansazan.com</a>	Info@SamanSazan.Com	071-36494444

<b>Skiis</b>	<a href="http://www.skiis.ir">http://www.skiis.ir</a>	Through website	021- 228886 18- 19
<b>Sima Choob</b>	<a href="http://simachoob.ir">http://simachoob.ir</a>	Info@simachoob.ir	021- 66488300
<b>Tablo Namvar</b>	<a href="http://tablonamvar.ir">http://tablonamvar.ir</a>	info@tablonamvar.ir	021- 880644116
<b>Tvazhe</b>	<a href="http://www.tvazhe.com">http://www.tvazhe.com</a>	infor@tvazhe.com	021- 77030243
<b>Van Wood Group</b>	<a href="http://www.wpc.ir">http://www.wpc.ir</a>	<a href="mailto:info@wpc.ir">info@wpc.ir</a>	021- 26753686
<b>2form</b>	<a href="http://www.2form.ir/fa/">http://www.2form.ir/ fa/</a>	<a href="mailto:info@2form.ir">info@2form.ir</a>	021- 22148814
<b>7 nama (haft nama)</b>	<a href="http://7namaco.ir">http://7namaco.ir</a>	Info@7namaco.ir	021- 88814563

This list contains the best possible potential customers for Karava and their capacity for purchasing Karava's product is more than average in the market.

Some of these companies are actively operational in Thermowood market and their scale of business is very high.

## 8 SUMMERY AND CONCLUSIONS

The topic of potential customer for Karava Sauna was more challenging than the author expected. However it was manageable, educational and was suitable in applying business and marketing knowledge.

In the methodology part of this thesis the author used the descriptive approach due to the characteristics of the thesis and the relevance to the topic of the thesis.

The author used the qualitative method as the main method. However quantitative method was applied partially which was helpful with statistics related to market segmentation and competitor analysis.

Qualitative method can be the best research method to customer behavior and a useful method for approaching potential customers. The quantitative method usage is to create facts in statistics which made the author have a more precise understanding about certain topics and point to the right direction.

Open-end type of questionnaires and online observation alongside with personal experience of the author were some of the main ways of data collection. The sources of data were mostly books, internet and analyzing of the answers from the questionnaires.

Some of the most important findings of the research were about the differentiation of the available markets and way of businesses in each of them. Analyzing traditional and modern market were cornerstones of this thesis and provided lots of useful information for future study. It was understood that Karava's market share in Iran is very low and the value of Iranian market especially in Thermowood products suggest more active role of the company in the market due to popularity of Thermowood in Iran. Karava's competitors are much more active in Iranian market and most of them have better share of the market but the availability and interests of Iranian companies exclusively in the modern market can still give a high chance to Karava to invest in the market and to enjoy a better share.

In the research it was also understood that the Iranian business culture uniqueness can be both a challenging factor for starting an international type of business. However getting familiar with the business culture can easily neutralized these risks.

As a conclusion based on research findings the author can points out few facts. The scale and availability of Iranian market for Thermowood is impressive and needs immediate attention. The culture plays an important role in business life of Iranians

both in modern and even more in traditional market these facts are very important research findings of this thesis.

The other conclusions based on research findings are the investment on modern market instead of traditional and Thermowood as raw material or for construction reasons instead of raw material for saunas are more common, profitable, and easier for Karava. Karava's competitors were found active in Iranian market mostly in the same modern market and use Thermowood as raw materials mostly for construction.

In conclusion it is safe to say the Iranian market especially the modern Iranian market is highly valuable for investment. Further investigation is needed in order to find an appropriate market approach although the author suggests the direct investment or employing an agent for evaluation and connection to potential customers.

After evaluation of many potential customers according to level of activity as well as the characteristics of the companies a list of potential customers has been provided for further contacts. This list was carefully selected among lots of possible potential customers and most of the companies in the list can be considered good choices for future investments.

## 9 RECOMMENDATIONS

Karava proved itself as an up-to-date and successful company in its field of business. The company enjoys the most advanced machinery for production and the business atmosphere seemed very healthy according to the author's observation while visiting the company in Pirkkala.

As the results of the findings of the research the author suggests the following recommendations to Karava related to the topic and in order to improve and increase their market share in Iran.

It is worth to mention again that Karava is missing a high number of potential customers in a very valuable market. The first recommendation therefore is that Karava accepts this fact and investigate for more information if needed to find a good marketing approach. Contacting with the suggested list of potential customers is highly recommended by author.

It is also recommended that Karava focus more on modern market as the target market and Thermowood is much more valuable and logical to invest compared to any other Karava's product including saunas. Therefore it is strongly suggested that Karava focus on Thermowood.

It was understood during the research that Iranian market has the capacity of high volume. The traditional market can be accessible during visits to Tehran by Karava's management board or their trusted employees or business agents. However focusing on modern market due to its easy communication and interest in doing business with Finnish Thermowood sellers is much more efficient.

Another recommendation which can make the process of contacting the potential customer and building a relationship with them is to hire a Farsi speaking agent or employee who is familiar with the market and Iranian culture. An inside investigation in Iran and face to face meeting with potential customers can be a very good solution for evaluation of Iranian market and building up a business relationship with the potential customers by the agent or employee.

Beside a need of more investigation for market approach, the author suggests to consider a direct investment or a profitable partnership with more Iranian companies in a longer time frame. Some of Karava's competitors already have started their own branches with their trademarks in Iran which shows the value of the market again. The same solution can help Karava to increase their market share.

Karava's brand is already known by some of these potential customers which makes the process of direct investment easier.

## 10 FINAL WORDS

At this stage and for final words there are some points to be considered. First it was understood the process of applying knowledge can be more challenging than expected and there were some difficulties in collecting and analyzing data. However these difficulties were not without a pleasure of increasing the business knowledge in general and the knowledge related to the topic to be more specific. The thesis was very educational chiefly in data analyzing and research methods.

The capacity of the Iranian market was the most unexpected part during the research. Although the author believed that the market is available because of removing the sanctions but what was found out was quite surprising. The capacity of the Iranian market is extremely high and incomparable to what was guessed in the first point of the thesis which hopefully can be a positive point in order to achieving the goals of the thesis.

Another unexpected matter in this thesis was the lack of academic information. Unfortunately even with the high capacity there has not been an appropriate study about the subject and even some of the sources for study were not very trustworthy which made the author to relay on information and personal online observation and analysis.

Further studies can be carried out for more investigation. It is recommended to travel to Iran because of lack of solid information, direct observation, surveys and face to face interviews with potential customers can provide practical information.

Applying the data gained by interviews or surveys in related matrixes can improve the statistical point of view to the further study.



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Questionnaires

- Could you please describe the type of business you are doing?
- What are your desires and interests in the market?
- Who is a perfect supplier in your point of view?
- Who are your customers and what kind of preferences they have?
- What are your preferences as a customer?
- What kind of products are more interested for you and why?
- Does the wood industry in Iran satisfy your needs in the market and why?
- What can be done in order to improve the market?
- How familiar a=is the Iranian wood industry with Thermowood and its qualifications?
- Do you have any recommendations for Karava for improvement?

Pictures of different saunas in Iran

Dry Sauna



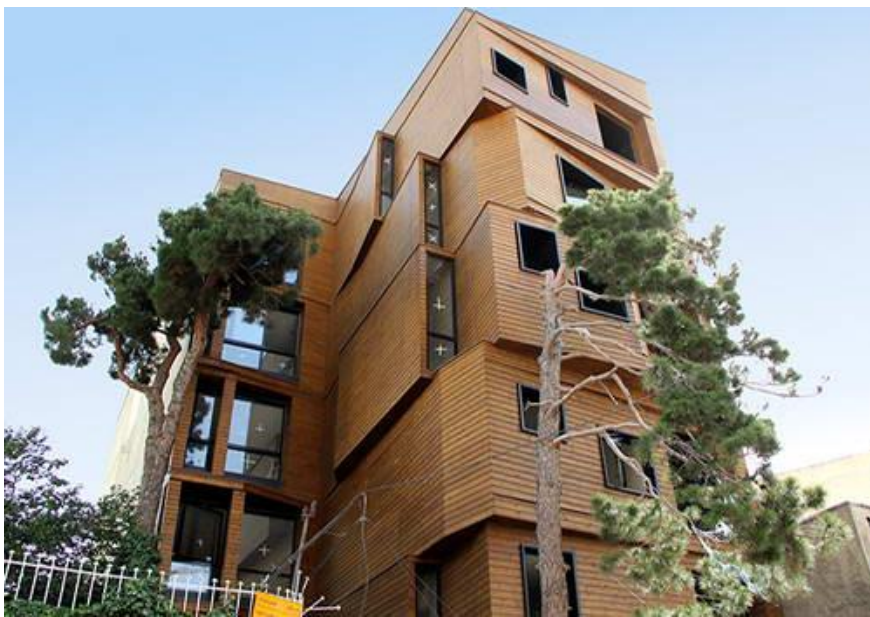
Steam Sauna



Thermowood Sample



Thermowood in Building Frontage



Thermowood in Sauna



The list of data based webpages for updating potential customers

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2. <http://irw.ir/category/مصنوعات/ترمومود/>
3. <http://www.iran.bz/خدمات-ساختمانی/چوب-ترمومو/>