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MARKET ANALYSIS AND ENTRY STRATEGY FOR RFL
BICYCLES IN FINLAND

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The purpose of this thesis was to conduct a market research to explore a new market for RFL, a bicycle manufacturing company based in Bangladesh. The target market was Finnish bicycle market.

The theoretical background includes the theory of market analysis, market entry mode, and business-to-business buying behaviour. In the market analysis part, the characteristics of market has been explained. Market entry strategy part explains various market access mode into a foreign market. Business-to-business buying process and major influences on business buyer's behavior have been discussed in business-to-business buying behaviour part.

Necessary secondary data was collected from books, online databases, and websites. Primary data was collected by interviewing the employees of prospective customers.

The research findings were analysed in the light of background theory to identify the market prospect and market entry strategy. A series of recommendations has been outlined to provide a guide to design a market entry strategy for the case company.

The case company can use the results and recommendations found in this report for commercial purposes.

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1 INTRODUCTION

I am writing this thesis as part of study curriculum. I have studied international business and I am interested in export-import related business as it adds significant value in both economies by providing better quality products with competitive price, as well as generates more revenues for the exporting country.

RFL which stands for Rangpur Foundry limited is one of the newest bicycle maker company in Bangladesh. Presently it manufactures bicycles for the local market and for some international customers. International customers are only a few at present, including customers from Germany, England. Now they are looking forward to expanding their market base and exploring new market prospects.

I had a connection with one employee working at export department of RFL. I expressed my interest in doing market research to find the prospect in Finland, defining a suitable entry strategy for RFL. Finally, we agreed on the tasks mentioned above.

In this thesis report there are four major parts, the theory part, explains the necessary academic knowledge related to the topic, an overview of the company and products are presented in one chapter. Research findings and analysis part look into facts and figures on Finnish bicycle Market. Necessary data was from statistical records. Interviews have been conducted to learn about the business to business customers' criteria to become a supplier for them. Interviews with end users give an insight on factors that affect their choice while buying a bicycle. In the end, a justified recommendation for the case company is outlined whether or not it should enter in Finnish market and a guideline on entry strategy.

Upon compilation of this work, I had a chance to gain experience in market research, develop communication skills on Business to business customers. I believe, this paper will be helpful for RFL to find new customers, and local importers are likely to be benefitted through the competitive supply of bicycle products from the manufacturer.

As I am from Bangladesh and living in Finland, so I can assist the manufacturer and importers to make business communication. However, this topic is not covered in this thesis report.

2 PROBLEM SETTING AND CONCEPTUAL FRAMEWORK

This research will be carried out to explore a new market for a Bangladeshi bicycle maker company. The objective of this research is to provide information to decide whether to enter into Finnish bicycle market or not. The study also aims at to help the company in planning possible market entry strategy for the Finnish bicycle market.

Several theories have been studied in this paper, like market research and market entry, business buying behaviour, and business to business communication plan, which has been gained through studying well-renowned literature. A brief detail of the case company and its products review has been included as well.

This paper has limitations as the detailed technical specification of bicycles has not been discussed. Product marketing has been discussed in the perspective of Finnish market only, not global marketing. International trade terms are mentioned only as background, not as a focal point of the thesis. It is about market analysis, not marketing research. The export process as a whole including transaction process of money and financing will not be discussed.

Ethical issues

In case of production in Bangladesh, there is labour unrest due to unfair wages, lower benefits and, child labour. RFL has an excellent reputation to obey labour ordinance accordingly. However, bureaucracy and corruption may interrupt in production and smooth operation of international marketing.

Research problems are defined as questions, and answers will provide the necessary information which is the core of this paper. The research questions are following-

- What kind of bicycles are available in Finland?
- Bicycle Market characteristics of Finland, size and future growth
- Who could be the prospective business to business customer?
- Is there any standardization to be maintained in the products?
- What are Rules and regulations for product import in Finland?

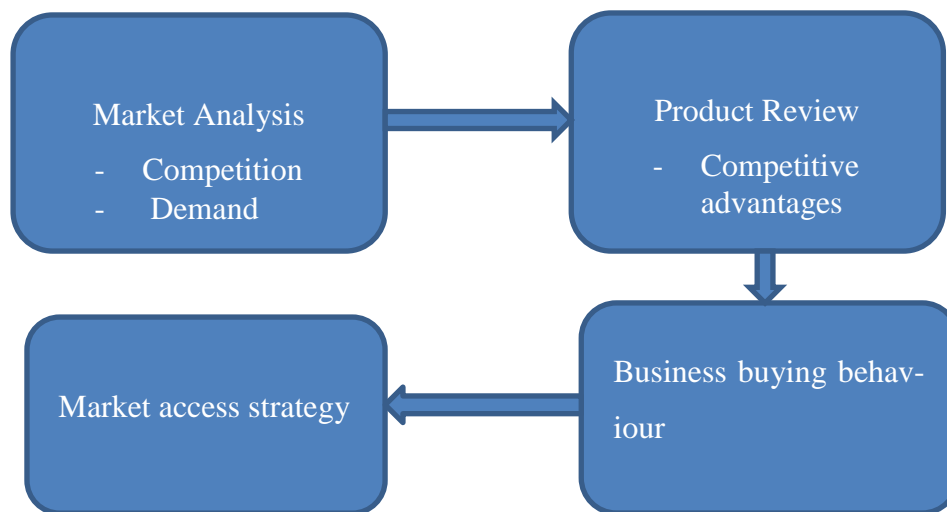


Figure 1. Conceptual Framework: Market entry process in Finland for RFL bicycles (Author of the thesis).

In the above figure, the conceptual framework of the thesis work is presented. It starts with Market analysis, where the overall Finnish bicycle market will be analysed to find out the size, characteristics, and future growth of the market. The products of RFL will be reviewed to figure out if those products are suitable for Finnish market. After that, the business buying behaviour will be analysed to make a communication plan for marketing. After all, composing all these information, a market access strategy will be developed.

3 CASE COMPANY AND ITS PRODUCTS

3.1 RFL bicycle

RFL which stands for Rangpur Foundry Limited, started business operation with cast iron products in 1980. Initial products were tube well and irrigation instruments for the rural areas of Bangladesh. Now RFL has some subsidiary companies with a various product line including plastic, household equipment, home construction material, processed food, PVC pipes, and many more. RFL Bike is the latest initiative of RFL business group. It has started its journey in a sophisticated factory located in a North-eastern district of Bangladesh in 2014 with an objective of fulfilling the growing demand for bicycle in the local and global market. RFL bicycles are manufactured by Rangpur Metal Industries Limited, a subsidiary of RFL group, which has an annual capacity of producing 300,000 finished bicycle units. In 2015 RFL started exporting bicycles through its business to business customers like as Halfords, Sports Direct, Argos, Toys R Us, S'COOL Bike and Tandem Group Cycle. DURANTA, meaning Brave in English, is the RFL manufactured bicycle brand for the local market. However, RFL manufactures bicycle for its B2B customers' brand. (Website of the RFL 2018).

3.2 Products

RFL bicycle's product line includes junior bikes, MTB dual suspension, kid's training bikes, MTB (Mountain) bikes, classic bikes, Fat bikes, BMX bikes, folding bikes, E-bikes, and scooty. All the bikes have a male and female version. Junior and adult's bike are designed in several sizes, for example, 20, 26, and 28 size. Here are reviews of three selected bicycles made by RFL. However, the product line has ten types of bicycles with varied version for each type. RFL can make bicycles as of the international buyer's specification and brand name.



Figure 2. DURANTA Allan Furious: Racing bike (Website of Duranta 2018).

The bicycle in the figure has an alloy frame and wheel, 28-inch wheel size; 700C frame size; 6-speed gear.



Figure 3. DURANTA gladiator: gents' MTB (Website of Duranta 2018).

This a Dual suspension mountain bicycle with a steel frame and alloy wheel. 26 wheel size, suitable for boys. It has six-speed gear option.



Figure 4. E-Furry: E-bike (website of Duranta 2018).

This E-bike has a rechargeable battery to run its 24-volt motor. It also has the regular paddle for manual riding. The frame is made of alloy metal with carbon finishing. Shimano gear and hydraulic disk braking system ensure better performance.

3.3 Competitive advantage

RFL bicycles have excellent competitive advantages to offer to its prospective customers. European importers will get GSP (Duty-free import) benefit if they buy from RFL as Bangladesh is in LDC (Least Developed Countries) list. RFL can add value up to 70%, while GSP requires a minimum of 30% value adding. RFL has an EU-standard quality control system. (Website of the Duranta 2018)

4 MARKET ANALYSIS, MARKET ENTRY AND BUSINESS-TO-BUSINESS BUYING BEHAVIOUR

4.1 Market Analysis

The market analysis looks into the characteristics and potentiality of a specific product for a chosen market.

Market information and knowledge are vital for the successful operation of a business firm. Executives need to find out the existing and potential customers' expectations and identify the necessary activities required to complete these demands. At the same time, they also need to gather information on the strategies that the competitors are applying or are going to use in the target market. The more complex the operational environment is, the more critical market information becomes a necessity for successful business operations. The level of sophisticated data acquisition depends on the complexity of the business environment. Market-oriented firms should collect, analyze and make use of market information in an organized and predictive manner. (Kuada 2008, 18.)

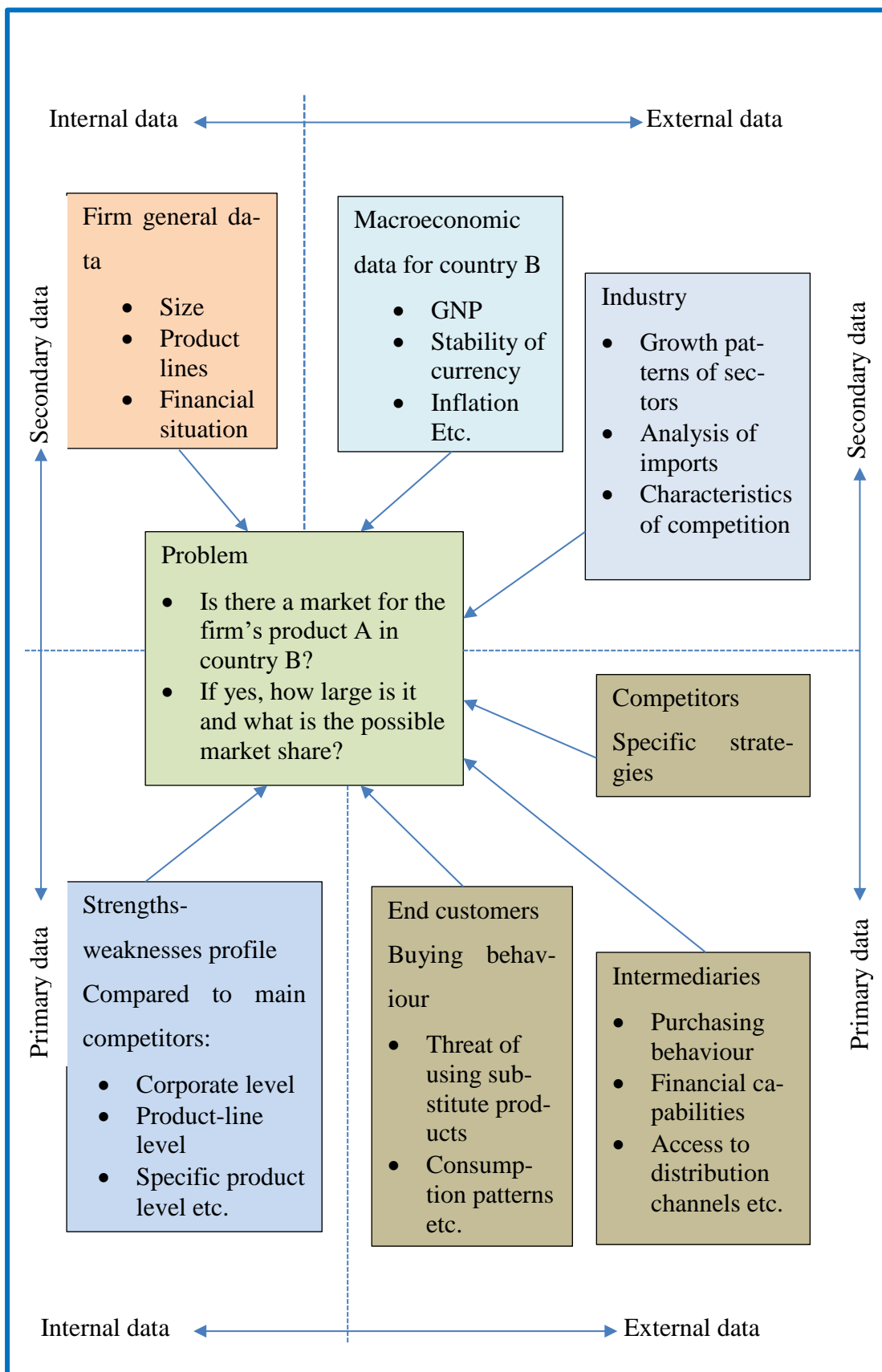


Figure 5. Required data to analyse market prospect in a country (Hollensen 2017, 188).

The above figure shows the data are differentiated between external and internal data with the two sources named as primary and secondary. Primary data is the first-hand information collected by the researcher through developing a research plan. Although the data collection process is expensive and time-consuming, the data is quite sophisticated and latest. On the other hand, secondary information is readily available but general in characteristic. It is very convenient to collect secondary data as it is not costly and less time is required. (Hollensen 2017, 188).

In this thesis, the primary data has been collected through interviews and questionnaires. And secondary data has been collected by studying the micro and macro environment of business.

4.1.1 Micro-environment

Micro-environment of business consists of the element of the company's closer areas of activities that influences its operability and strategy. (Website of the business dictionary). According to Rao (2009), "Micro external environmental factors include-competitors, customers, market intermediaries, suppliers of raw materials, bankers and other suppliers of finance, shareholders, and other stakeholders of the business firm." (Rao 2009, 35). Key microenvironmental factors are discussed below-

Customers

No business can survive without a customer. So one of the major concern for a business concern is to create and retain customers. Fulfilling the customer's demand is vital to successful business strategy. A business concern may have various types of customers such as, individuals, business to business, government, and other organizations. The business should focus on gaining more customers because there is a risk of losing customers, which may lead to the closure of operation. Failing to provide expected value or switch to another competitor can cause huge reduction in customer base. (Cherunilam 2009, 6).

Competitors

Competitors are other companies who offer a similar type of products. A company needs to ensure better value to the customers than those of the competitor in order to achieve success. So the company should do more than the need for prospective customers. The company should focus on positioning the product in the customer's mindset in order to gain competitive advantage. The business firm should compare its own size and industry position and create a marketing strategy accordingly. (Kotler & Armstrong 2012, 68).

Suppliers

Suppliers are the provider of raw materials and necessary components to a manufacturing company. A reliable source of supply is very important to operate the business without interruption. Companies need to maintain optimized inventory to avoid additional expenses and to keep the product available thoroughly in the market. (Cherunilam 2009, 5).

Marketing intermediaries

Marketing intermediaries support the business firm by selling, distribution, and promoting its products to final buyers or business buyers. Those intermediaries include resellers, retailers, distribution agencies, marketing service providers. Whole seller and retailers are the resellers who buy and resell the products. Finding an appropriate retailer is often a complicated task as there are many small and big reseller firms. Bigger resellers have influential power to control the terms of sell. As the marketing intermediaries are important part of a company's value delivery network, the company should consider them as a partner. (Kotler & Armstrong 2012, 68).

4.1.2 Macro-environment

Political and Legal Environment

The political environment is complicated in case of international marketing due to interconnected national, foreign, and international politics. The political situation in both home and host country impacts on the success of international trade. Political

risks associated to enter into a foreign market could be identified by observing below factors –

- government stability and changes in policies;
- host country government’s ability in economic regulation;
- host country’s view regarding foreign investment;
- host country’s relation with rest of the world;
- host country’s relation with manufacture’s country;
- transparency and honesty in government agencies. (Hollensen 2017, 245 – 246).

There have been several barriers to import imposed by countries for some reasons. But now those barriers are lessened through various agreement or negotiating deals. Those agreements can be categorized as free trade areas, customs union, and common market. The WTO plays an important role to implement the agreement among the member countries, settles the disputes, and provides a platform for future agreements. Nowadays there are many bilateral and multilateral agreements among small group of countries to ease to do business among them. (Weiss 2008, 230- 235).

Economic and Financial Environment

The economic environment is one of the most crucial factors to determine the potentiality of a target market. The level of income and property of people are a very important indicator as those reveal the purchasing power of the consumers. (Hollensen 2017, 246).

Table 1. Types of market structure

Type	Number of firms	Barriers to entry	Nature of product
Perfect competition	Very many	None	Homogeneous
Monopoly	One	High	Unique
Monopolistic competition	Many	None	Heterogeneous
Oligopoly	Few	Often high	Homogeneous/ differentiated

Market structure varies from pure monopoly to the perfect competition. In a pure monopoly, only one firm exists in the market, and the market is protected from entry of any other company. In perfect competition market, several firms are supplying similar type of products with no entry restriction. In monopolistic competition market, there is a large number of firms, no obstacles to enter in, and limited product differentiation. And in an oligopoly market, companies put most possible efforts to differentiate their products through marketing and promotion activities. (Hamilton & Webster 2012, 76).

Socio-cultural Environment

Social value and norms define the culture, developed by common history and experiences over a long time. Cultural identity is created with the element such as language, religion, and ethnicity. (Morrison 2011, 222).

Understanding of the customers' value and social practicalities is important to market a product successfully. It is effective for marketing to identify the group of people who share common cultural views and design the offering accordingly. (Hollensen 2017, 272).

Technological Environment

Technology is now considered to be key steering factor of the global economy. Technological innovation has become crucial to surviving in present competitive environment. A nation's acceptance of technology largely influences the access of international marketers. (Morrison 2011, 334).

Ecological Environment

It is time for business to concentrate on new cleaner technologies to reduce environmental pollution as there is growing concern on sustainable development to save the earth from environmental degradation. Consumers are now more aware of environmental protection, demands on recyclable products. (Morrison 2011, 380).

4.2 Market entry strategy

Typical market entry strategies are licensing, export, investment, and strategic alliances. Licensing is a contract between two companies whereas one company sells their patent in exchange for fee or royalty. Licensing is a useful mode to enter the global market if there are non-tariff barriers mainly. (Keegan & Green 2017, 296). As the company grows with export and licensing, it may consider making more effect in the global market through investment. Foreign direct investment decision (FDI) can lead the company to own full or partial operation process in a foreign country by purchasing production factories, or other production variables. (Warren & Green 2017, 300). As the present business environment is experiencing unpredicted disturbance, international companies must need to suit to the changing situation. In this case, strategic alliances enable the companies to overcome the impact of environment and keep the business sustainable. (Keegan & Green 2017, 307).

Exporting as a market-entry mode

Export marketing is a consolidated marketing activity of products and services that are intended for customers in global markets. Export marketing requires-

- The familiarization of target market environment
- Marketing research and recognition of prospect
- Develop the marketing mix – product design, pricing, distribution channel, advertising, and communication. (Keegan & Green 2017, 266).

Exporters should have knowledge about the export policy of home-county and the import policy of foreign market-country, existing tariff system, quota, etc. Exporters also need to figure the export process and solution to the possible problems which may arise at any stage of the process.

Table 2. Potential Export Problems (Keegan & Green 2017, 268).

Logistics	Servicing Exports
Arranging transportation	Providing parts availability
Transport rate determination	Providing repair service
Handling documentation	Providing technical advice
Obtaining financial information	Providing warehouse
Distribution coordination	Sales promotion
Packaging	Advertising
Obtaining insurance	Sales effort
Legal procedures	Marketing information
Government red tape	Foreign market intelligent
Product liability	Locating market intelligence
Licensing	Location markets
Customs/duty	Trade restrictions
Contract	Competition overseas
Agent/distributor agreements	

Tax exemption, subsidies, export help-desk, and free trade zone are the measures taken by the government to promote exports. Actions like as tariffs, import controls, and other non-tariff barriers such as quota, and a ban on import imposed by the foreign market control the export opportunity. (Kegan & Green 2017, 269-70).

Managing export in the manufacturer's country

The manufacturer decides on managing export operation through own facilities or by hiring a third a party organization to take care of exports. Options available for export handling by in-house facilities are following-

- Part-time activity assigned to an employee.
- Export partner connected with the domestic marketing who takes the proprietorship of goods before exporting.

- An independent export department of the local marketing division.
- An export department inside the international division.

(Keegan & Green 2017, 279).

The company should have own export department if it emphasizes on export. Success depends on the assessment of chances of trading and allocation of enough resources. The company that has no in-house export facility can opt for export service providers like as export merchants, export brokers, commission agents, export management companies, etc. (Keegan & Green 2017, 279).

Managing export in the market country

An exporting company must organize the distribution of the product in the target market along with managing internal or external export facility in the home country.

The exporting company has to decide at this point about market representation. There are two options – direct market representation or representation by intermediaries. Communication and controlling the market is much more straightforward through direct representation. It is efficient in decision implementation, price changes, and resource allocation. For a new international market, direct representation is advantageous, as it requires intensive effort to get customers. The independent intermediaries are likely not motivated enough to put special energy and resources into a new company which they represent. In case of direct representation, chances of receiving feedback and essential information about the market are higher. This information helps the exporter to improve marketing strategy regarding product, price, distribution, and communication. (Keegan & Green 2017, 280).

Direct representation works to sell to the wholesaler or retailer usually, so it is suitable for marketing to business to business customers. In a smaller market, direct representation does not yield much as sales level is much less than the expense of direct representation. Direct representation is not suitable for small companies for the same reason. So the indirect representation through a distributor is the feasible method in case of low sales volume. Most vital thing is to identifying the efficient distributor to make the profit. (Keegan & Green 2017, 280).

4.3 Business-to-business buying behavior

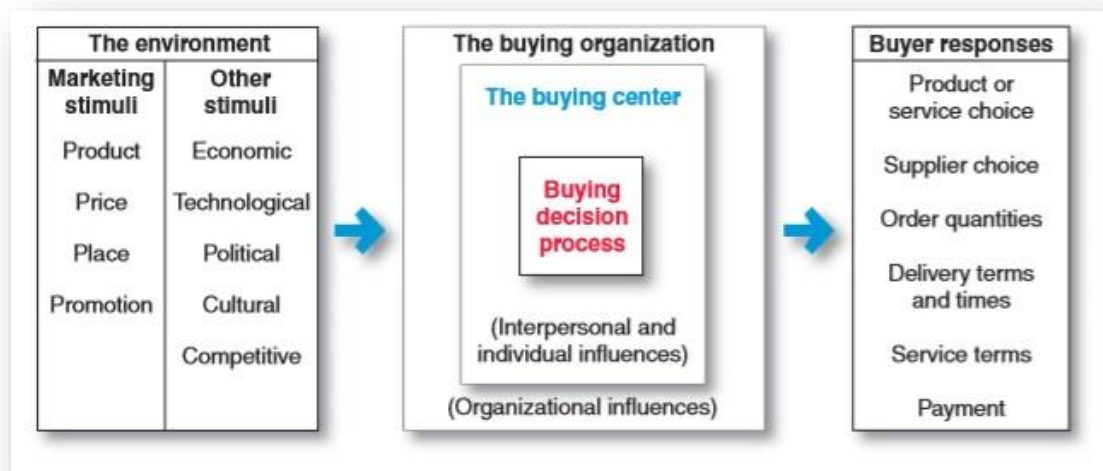


Figure 6. Business-to-business buying behavior (Kotler & Armstrong 2012, 171).

The company needs to know how the prospective buyers will react to the different marketing stimulus factors. The above figure resembles the typical behaviour of business buyers. In this model, marketing and other stimulus element influence the buying company and results in buyer responses. To develop an effective marketing strategy, it is vital for the manufacturer or supplier company, to identify the activities inside the buyer company that turns the stimulus factors into a purchase decision. Inside the company, the buying activity includes two main bodies, the buying unit, consists of all the personnel associated with buying decision, and the buying decision process. The buying unit and the buying decision process are guided by internal organizational, interpersonal, and individual factors along with external environmental factors. Usual questions to find out business buyer behaviour are - What buying decisions do business buyers make? Who participates in the buying process? What are the key influences on buyers? How do business buyers make their buying decisions? (Kotler & Armstrong 2012, 170 -171).

4.3.1 Major influences on Business buyers

While making the buying decision, business buyers come across many influential factors. Economic factors are considered to be the main one by some marketers. They believe buyers will choose the supplier offering price efficient product or the best product. They focus on providing highest economic benefits to buyers. These economic benefits are significant to most buyers, primarily in the diversified economy. Business buyers also influenced personal factors. Business buyers' response to both logic and emotion as they are human. Now it is identified that emotion plays a vital role in business buying decisions. Business buyers do not have a chance to make logical choices when suppliers offer similar products. However, when available products vary widely, business buyers make more calculated choices and are inclined to concern about economic factors. (Kotler & Armstrong 2012, 173).

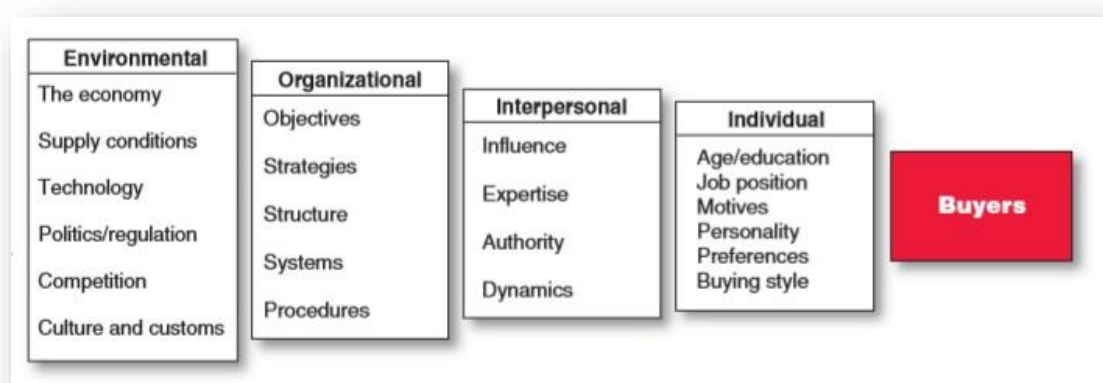


Figure 7. Factors influencing business buyer's behaviour (Kotler & Armstrong 2012, 174).

Environmental Factors

Business buyers are mostly influenced by present and future factors of economic environment, like as the level of demand, the economic prospect, and the value of money. Another environmental factor is the supply of raw materials. Many companies are now intended to buy and store larger inventories of deficient raw materials to ensure constant production and supply in the market. Business buyers also show responsiveness to technological, political, and competitive developments in the environ-

ment. In global marketing environment, culture and tradition actively determine business buyers' reaction. So the marketer must have to look into these factors, find out how these will affect the buyer, and try to turn these obstacles into opportunities. (Kotler & Armstrong 2012, 174).

Organizational Factors

All the buying companies have their strategies, and procedures and the business marketer must familiarize these factors correctly. Questions arise like as - how many personnel are involved in the buying decision? Who are they? What are their evaluative criteria? (Kotler & Armstrong 2012, 174).

Interpersonal Factors

The buying unit of a company has many officials who influence one another, so inter-personal factors also affect the whole buying process. Not always the top-ranked personnel changes the other participants in the process. Personnel influence buying decision because they have a particular qualification, or have a special connection with other key participants. Business marketers should understand interpersonal factors and make strategies considering those. (Kotler & Armstrong 2012, 174).

Individual Factors

Every person in the business buying decision process carries his intention, insight, choices. These individual factors are shaped by personal features such as age, income, education, professional status, personal trait, and risk-taking attitude. Also, buying style differs from one person to another. Some may be technical-oriented who make in-depth analyses. Other may focus on negotiations with sellers to find the best deal. (Kotler & Armstrong 2012, 174).

4.3.2 Managing business to business relationship

Business suppliers and buyers try various ways to establish and continue their relationship to promote efficiency in performance. Supply chain management, supplier engagement, and purchase alliances support to maintain a solid relationship. Nurturing the right relationship with a business partner is one of the unavoidable parts of

any marketing strategy. Nowadays business-to-business marketers are emphasizing one-to-one marketing approach to attract and retain valued customers. They are using online social media, discussion groups, press release to communicate with existing and prospective customers. (Kotler, Keller, Bradly, Goodman & Hansen 2012, 314).

5 METHODOLOGY

5.1 Research design

Research designs are like guidelines to help the researcher to choose the most suitable method to conduct the study. There are three basic research design; exploratory, descriptive, and causal. (Silver, Stevens, Wrenn, & Luodon 2013, 70).

The exploratory research aims at finding general information, the researcher is unfamiliar on. Descriptive research looks to define individuals, events, or incidents. Causal research explains the relationship between variables, accountable for a specific incident which is usually identified through descriptive studies. (Saunders & Lewis 2012, 110-113).

The descriptive research design was incorporated into this thesis. As I had to find answers like what was the bicycle market size, what was the market growth rate, who could be a prospective customer, where people went to buy bicycles and their brand preference.

5.2 Research method

Research method varies into two categories according to data collection process. These two methods are quantitative and qualitative. (Burns & Bush 2014, 146).

According to Remler and Ryzin (2011), “Quantitative research generally refers to any research involving the statistical analysis of quantitative data – including both

quantitative and categorical variables. Quantitative research can be as simple as counting the number of people in an emergency room, or it can involve sophisticated statistical models that examine complex relationships between many different variables”. (Remler & Ryzin 2011, 182).

The purpose of quantitative research is predefined and this type of research is used to fulfill the requirement of precision data. Data type and sources are specific, and the data manipulation and formatting of data is done through a systematic procedure. The gathered data is mostly numerical. (Burns & Bush 2014, 146).

On the other hand, in qualitative research, collected data types are non-numeric, such as interviews, observations, case studies, images, written documents, and so on. Qualitative data analysis involves the interpretation of collected data in various ways. Basically qualitative data is gained through interaction with human beings. ((Remler & Ryzin 2011, 182).

The primary research method chosen for this thesis was the qualitative research method, as the necessary data was collected personally in a real circumstance through interviews and, information was gained through analysing the interviews.

The quantitative research method was used to analyze the numerical statistical data to know the market size and future growth.

5.3 Data collection and analysis

Interviews were done with some renowned prospective business-to-business customers to find out the purchasing process in their organization, opinions about RFL bicycle products etc. I selected some consumer retail chains, bicycle selling shops, and business firms (offering bicycle as a promotion tool) as prospective customers. Face-to-face interviews were conducted with the personnel from the selected prospective customers. I used semi-structured interview concept as I needed brief answers on some specific questions. At the same time there were some open-ended question to

make the interview an interactive discussion, which resulted into better understanding of the prospective customers' expectation.

Statistical data was collected for the empirical part from government and other official websites to find out facts and figures on market size, market trends, market growth rate, market profitability, and cost structure.

The population size of interview was approximately seventy-three which includes sport outlet chains, hypermarket chains, and specialized bicycle shops. The sample size was eight. The sample was chosen discretely, it included all types of bicycle vendors who were selling bicycles with various price level and specification.

The interview questions were created in three sub-categories; about the product, bicycle import, and buying process and buying behavior. The target of the interview was to know if the RFL bicycles and its pricing were suitable for the potential customer, to know where the vendors imported bicycles from, what was the criteria to choose a supplier of bicycles, the process of buying, and buying behavior. The interviews were conducted during first and second week of the month of May, 2018. All of the interviews were conducted through personal meeting.

The information gained from interview was very precise. The product catalog and price list were provided to the interviewees for their assessment of RFL products' specification and pricing. Questions about bicycle import, buying process and buying behavior were answered according to the respective company's existing practice. Finally the answers were analysed considering the outcome of the provided answer.

5.4 Validity and reliability of data

Validity refers to the correctness of the data. The measurements taken to collect data should be efficient to find out the accurate data what meets the real interest of the research. Reliability indicates the consistency of information. That means the answer is same or nearly same from a certain respondent for a same or similar kind of question. (Burns & Bush 2014, 214).

All the theoretical knowledge was gathered from popular literature collected from the library of Satakunta University of Applied Sciences. Information obtained from the internet was from the official websites, and secondary data was collected from authentic sources to ensure data accuracy.

Primary data was collected through face-to-face interviews. The questions for the interview were designed according to the research objective. Multiple questions were asked on the same topic to verify the consistency of answer. These measurements secured the validity and reliability of data.

6 RESEARCH FINDINGS

6.1 Finland as target market

Finland is located in Northern Europe, bordering the Baltic Sea, Gulf of Bothnia, and the Gulf of Finland. Finland has a land border with Russia (1309 Km), Norway (709 km) and Sweden (545 km). Finland is an independent republic since 1917. (Website of the CIA 2018)

Finland is a parliamentary republic, the prime minister is the head of government and the president is the head of state. The central government is based in the capital city –Helsinki. There are 311 municipalities administrated by the local governments. The country is divided into 19 regions and 70 sub-regions. Åland is an autonomous small archipelago located in the south-west



Figure 8. Finland (website of the EU 2018)

region. Northern Lappi region is the home to around half of Finland's indigenous Sami people. The majority of the people live in the southern part of the country. As of year 2017, the growth of population is 0.36%. (Website of European Union 2018).

Finland joined in the European Union (EU) in the year of 1995 as a member. This country is also a member of the OECD, Schengen Convention, WTO, UN,

UNCTAD, EEA and some other organisations. (Website Central intelligence Agency 2018).

Finnish and Swedish are two official languages of Finland. Finnish is spoken by 93% of the population, about 6% of the population speak Swedish, mostly living in the south-west region of the country. (Website of the BBC 2018).

Table 3. Basic data of Finland (Website of the European Union 2018).

Capital	Helsinki
Government type	Parliamentary republic
Head of state	Sauli Niinistö
Head of Government	Juha Sipilä
Area	338,145 sq. km
Population	5,513,130
Population density	18.1 person per sq. km
Languages	Finnish, Swedish
Currency	Euro
EU Membership	1 January 1995

Political and economic environment of Finland

Finland is ranked as one of top ten countries for the best business environments in the world. The existing level of political stability and sustainable economy is not seen in most countries. Finland has an excellent credit rating; Fitch - February 2017: AA+, Moody's, January 2017: Aa1, (with a stable outlook), and Standard & Poor, March 2017: AA+. Transparency International ranks Finland among the least corrupt nations. There is a clear reflection of least corruption in business practicalities. Finns respect the agreements and fulfil the commitment. (Website of the Invest in Finland 2018).

The Fund for Peace (FFP) ranked Finland as the least fragile country in the world consecutively for last six years. The score is based on twelve risk indicators to measure the vulnerability of a state. The key indicators include cohesion, economic, political, and social indicators and more than 100 Sub-indicators, including public services, state legitimacy, human rights and the rule of law. The meaning of Finland's top position is that the country is the most successful state in the world. (Website of the Fund for Peace 2018).

According to BMI (Business Monitor International) Research, Finland will remain one of the best politically stable countries over next 10 years period (2016 – 2025). Finland's well organised and functioning state bureaucracy, accountability, civil freedom, and rule of law are the reasons behind this prediction. (Website of the BMI research 2018).

Government initiative to promote bicycle usage:

Promotion of bicycle uses is one of the measures taken by the Finnish government to reduce the country's carbon emission. Cycling is a cheap and green transportation mode and its role in public health improvement will likely reduce the stress on health care services. The World Health Organisation (WHO) has recognised that physical inactivity is one of the first world's main threats to public health. A study conducted by WHO in 2013 found that over 66 percent of Finnish adults did not attain recommended levels of physical activity. (Website of the Yle News 2018).

Newly launched government policy targets in an increase of walking and cycling by 30 percent before 2030. And, by 2050 the infrastructure will be developed to make bicycle a perfect complement for public transport systems. Dedicated bicycle-only street will help to ride fast and will be preferred by the people for short distance rides. People will make trips with combined vehicles, starting and ending with bicycles and hopping into rapid public transport to complete the longest part of the trip. Municipalities are inspired by the estimated savings to be attained if they can make their residents walking and cycling. It is a practical issue, taxpayers are likely to be healthier and more active workers when they will walk and cycle, resulting in reduced health care expenses and reaping more taxes. So the government has planned

to invest in dedicated bicycle roads, roofed parking, city rental bike service, and wagon on public transport to carry bicycles. It is a win-win situation for people and government. (Website of the Yle News 2018).



Figure 9. Promotion of bicycle usage by the municipality of Pori. (Website of the City of Pori 2018).

Municipality staffs distributing banana, coffee ticket, and a discount card for food purchase to the people using bicycle for commuting to workplace during the bicycle usage promotion week in 2017.

Population age group

Table 4. Population by the year 2017. (Website of the statistics of Finland 2018)

Age group	Male	Female
- 4	142,459	136,051
5- 9	158,343	151,721
10 -14	154,230	147,620
15 - 19	152,215	143,840
20 - 24	168,014	159,738
25 - 29	182,223	172,102
30 – 34	181,676	170,593
35 - 39	180,761	169,737
40 – 44	170,871	161,943
45 – 49	166,331	161,558
50 – 54	185,887	183,869
55 – 59	181,216	183,582
60 -64	179,220	188,012
65 -	515,685	663,633
Total	2,719,131	2,793,999

In Finland, the number of kids below five years old is 278 510, they are likely to buy their first bicycles. The population in the age group 5 – 14 is 611 914, are the prospective end customers of bicycles for juniors. People of other age groups are the users of sports bicycles, city bicycles with different variations.

Bicycle usage trend

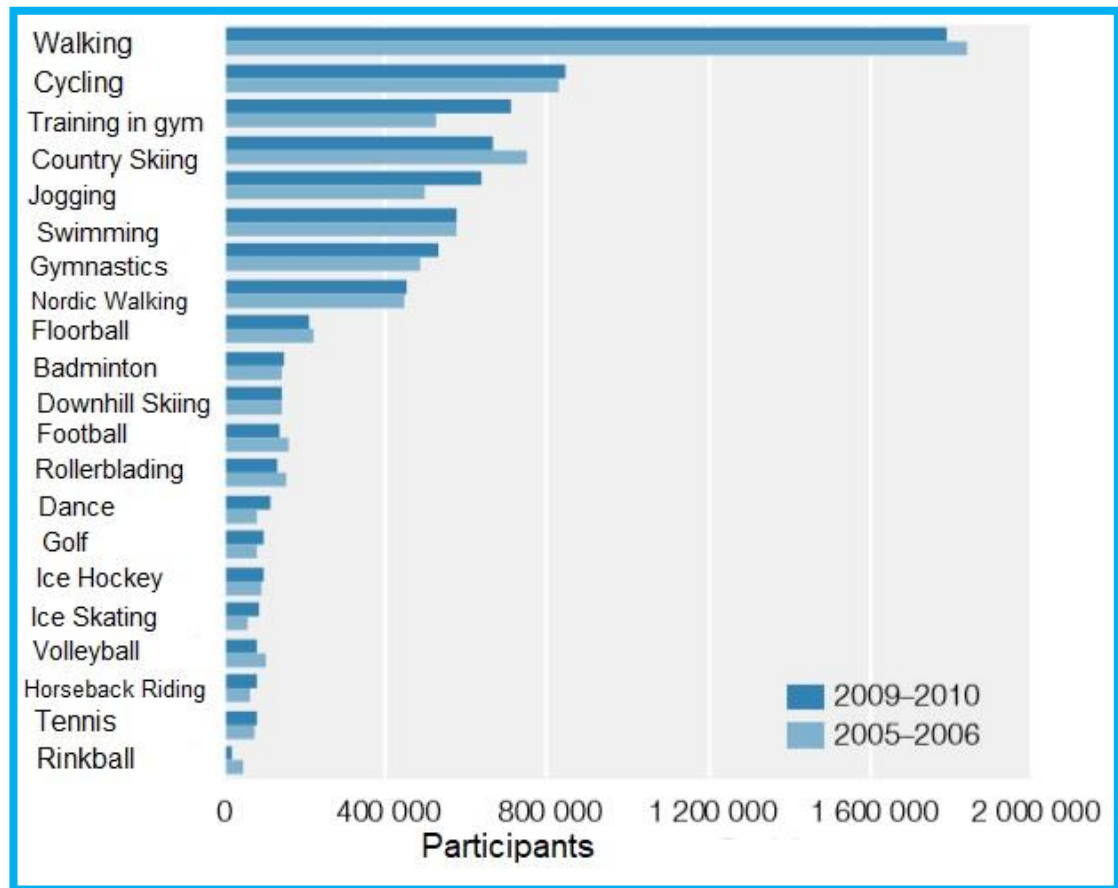


Figure 10. Different sports and free time activities among adults aged 19-65 (Different sports activities, 2005 – 2006 and 2009 – 2010 2017, 31).

Cycling is one of top free time sports activities among young and adult population in Finland. Over 800 000 adult people cycled during 2005 -2006, 2009- 2010 period.

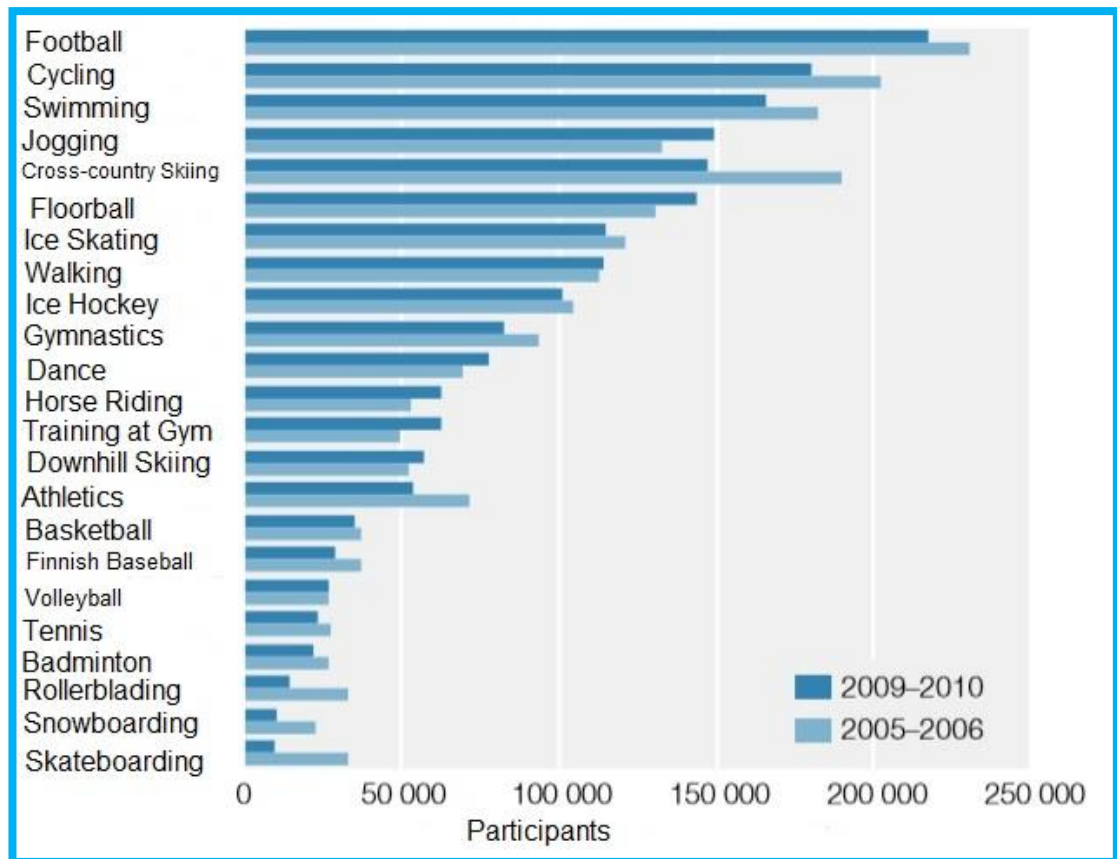


Figure 11. Figure 10. Different sports and free activities among children and young people aged 3 – 18 (Different sports activities, 2005 – 2006 and 2009 – 2010 2017, 31).

Approximately 175 000 children aged between 3 – 18 years used to cycle during 2009- 2010 period. However, the number of participants were more during 2005 – 2006 year period with around 200 000 people.

Market size (Import and Production)

Table 5. Total (units) bicycle production, sales, and import (website of Confederation of the European bicycle industries 2018).

Year	Production (Unit)	Sales (Units)	Estimated Import (Unit)
2016	30 000	300 000	270 000
2015	34 000	320 000	286 000
2014	34 000	300 000	266 000
2013	34 000	303 000	269 000
2012	30 000	330 000	300 000
2011	31 000	330 000	299 000
2010	15 000	300 000	285 000
2009	15 000	320 000	305 000
2008	30 000	330 000	300 000

The bigger portion of bicycles sold in Finnish market are imported bicycles. In 2008, imported bicycles had a share of 90 percent of total sold bicycles. In the following two years it rose to 95 percent. Market share of imported bicycles was approximately 90 percent in the year 2011- 2016.

6.2 Export

TAX, VAT, Tariff

Finland belongs to EU customs union which is a single territory of 28 member countries for customs purpose. All countries in the union apply a common customs tariff for products imported from outside the EU. The goods legally imported into on EU country can move throughout the territory without further customs checking. (Website of the Directorate General for Trade of EU 2018).

When the products are imported from outside the EU customs and fiscal territory customs most commonly applies customs duties and value-added tax. There is so-

called additional third duty applicable on the imported goods from outside EU, which is based on customs tariff unless any preferential treatment, tariff quotas or tariff exemption partially or fully remove the duty. (Website of the Finnish customs 2018).

Customs duties are calculated as a percentage of the customs value. A specific duty is applicable to some goods which is based on the weight or number of the products. Goods are classified under commodity code on which the customs duty based. Customs value is based on the total sum of the price of good and costs of transport up to the point of entry in the EU. (Website of the Finnish customs 2018).

Current Generalised System of Preferences (GSP) of EU has been applied since 1 January 2014. There are three arrangements under the GSP scheme, the regular GSP, the GSP+ (incentive scheme), and the Everything but Arms scheme (EBA). Bangladesh is a GSP eligible country under EBA scheme. The Everything but Arms scheme allows full duty-free and quota-free access to the EU common Market for all products except arms and ammunition products. There is no expiry time of EBA scheme. Bangladeshi manufacture's competitor-suppliers to EU from other countries are included in GSP scheme. However, two big competitor countries - China and Taiwan are not eligible for GSP. (Website of the Directorate General for Trade of EU 2018).

In case of importing bicycles from Bangladesh to Finland, the import duty will be 0% (preferential tariff treatment); Customs duty 14% which is based on the commodity code 87 12 003090. (Website of the European Commission – trade help desk 2018). As of Finnish rule applicable VAT is 24%. (Website of the Finnish customs 2018).

EU legislation on product safety

Products for the European Union consumer market must comply with the provisions established by The General Product Safety Directive (GPSD). The GPSD has a monitoring scheme to observe the level of compliance with the general safety requirement. The organisation has adopted European Standards to define the safety specifications. The general safety requirement and additional manufacturer & dis-

tributor obligations are the two components of the provision which should be taken into consideration particularly by the exporter.

The general safety requirement

As part of General Safety Requirement manufacturers or producers are bound to market safe products only. The importer or the manufacturer's EU- representative will be held responsible if the manufacturer is from outside of EU. A safe product is one which does not pose any threat or only limited threat regarding the nature of its use. And the natural threat should be in acceptable level through maintaining a high level of protection for the human safety and health, taking into consideration of the following points:

- the nature of the product, including its materials, packaging, instructions for assembly and for installation and servicing;
- the effect on other products, when it is predictable that it will be used with other products;
- the handling of the product, the labeling, instructions for its use, warning and disposal, any other information concerning the product;
- the types of consumers who are at risk during the product usage, especially the children and the elderly.

Additional manufacturer and distributor obligations

Along with the basic obligation to market only the safe products, manufacturers must notify the consumers about the unobvious risks associated with the products. Measurements must be taken to get informed of risks posed by the products and be taken measurements to prevent such risks (recall products from the consumers, withdraw products from the market, warning consumers).

The regulations on manufacturers are applicable to any professional in the supply chain who may affect the safety features of a product. They are obliged to observe the safety of products and provide the required documents to make sure that the products can be traced.

Manufacturers or distributors must not supply products that they recognize as dangerous or suspect to be dangerous. If they identify that the product is dangerous, it must be notified to the respective authorities of member state and, cooperate with them to take measurement to avoid the risks for consumers. (Website of the Directorate General for Trade of EU 2018).

6.3 Business to business relationship management

The company aiming at building a business-to-business relationship should be aware of personal, social, and cultural phenomenon which are in existence in Finland influencing the overall business buying process.

Relationships and Communication

- Personal long-standing relationship is not necessary for conducting business as Finns are transactional;
- The basic business style is formal. Finns prefer people to speak concisely and to focus totally on business. Small talk is very low;
- Finns are very efficient in time management and organize workday in order to make the day productive as much as possible;
- Finns pay a great effort on speaking simply and openly;
- Oral commitments are treated seriously and considered as agreement;
- Finns are candid in communications.

(Mole 2003, 77 – 79).

Business meeting etiquette

- Must need to make an appointment well in advance by email or telephone. It is almost impossible to meet with people without a pre-appointment;
- It is recommended not to schedule meeting between June and August as Finns usually move to holiday destination during that time;

- Must have to arrive at meetings on time or a bit early. Have to notify immediately if there is a delay of more than five minutes. Punctuality is considered as the sign of respect and efficiency;
- Send an agenda before the meeting as well as the biographies of your team;
- Meeting starts and ends on time, recommended to send an agenda before meetings;
- Exaggerated claims should have to be avoided in presentation. Finns do not ask questions usually. The presenter is expected to make his content of the speech clear with sufficient details. (Website of the COMMISCEO GLOBAL 2018)

6.4 Interviews

Several interviews were conducted with bicycle retailers including general chain store, sports stores, and bicycle shop. The companies were SOK, Stadium, Budget, Power, and Pyörä-Pori.

SOK (Finnish Co-operative Business Group)

SOK operates Prisma, a hyper market with a network covering whole Finland. Prisma sells all common types of bicycles such as sports bicycles, kids' bicycle, Mountain bikes etc. Prisma sells Finnish branded Helkama and Tunturi bicycles along with their own branded Jupiter bicycles. Jupiter bicycles are available for all types of bicycles except sports bicycles and E-bikes. Prisma's top selling bicycles are Helkama Jopo and Jupiter Kids' bicycle. Jupiter lady's bicycle with 3-speed and 7-speed version are good selling products along with before mentioned product groups. The suppliers of Prisma's imported bicycles are from Bulgaria, Turkey, Indonesia, and China. Prisma sells bicycles with low to average price tag, therefore supplier with a competitive price is important. Prisma offers guaranty on its bicycle products, which is two to ten years products replacement in case of manufacturing fault. So the quality of the products needs to be reliable enough to offer guaranty. SOK prefers suppliers from European customs area as it is faster to receive the delivery of the products. However, SOK purchases bigger portion of imported bicycles outside of Europe. SOK has a subsidiary company named Inex partners, to handle purchasing of prod-

ucts and supply chain. There is one individual appointed with sole authority for purchase management of bicycles at Inex partners. In order to introduce bicycle to SOK, the manufacturer should meet the responsible person. A visit to the manufacturing plant could be followed after a successful meeting by the SOK representative. SOK may choose the supplier upon assessment with satisfactory outcome. The products and price level of RFL were recognized as suitable SOK by the interviewee Mr. Markko Liimatainen. (Liimatainen, personal communication on 02.05.2018)

Stadium

Stadium is a Swedish origin chain of stores with specialization of sports instruments and accessories. In Finland Stadium has approximately 28 stores. OCCANO is the stadium's own bicycle brand manufactured through multiple supplier companies. Stadium sells all types of bicycles except E-bike. Top selling bicycle at Stadium is kid's bicycle with different variations. OCCANO bicycle price ranges from average to above average. In case of choosing a supplier Stadium emphasizes the quality of the product and consistency in delivery as Stadium has 160 outlets in four countries in Sweden, Denmark, Finland, and in Germany. Stadium has a purchasing team based in Sweden. Organisational culture impacts highly on selecting a supplier as Stadium is concerned about environmental sustainability and well-being of the employees. So the criteria of choosing a supplier is to have an environmental friendly manufacturing plant, workplace safety, and reasonable wages for the workers at manufacturing plant. Stadium already has a supplier from Bangladesh. The price level and product specification of RFL are suitable for Stadium as mentioned by Ms. Maarit Salonmäki. (Salonmäki, personal communication on 07.05.2018).

Budget Sport

Budget sport is owned by Intersport International Corporation. In Finland Budget Sport is managed by Intersport Finland Oy, which is a subsidiary of Kesko group. Budget Sport is based on the concept of selling cheap sports products. Felt and Nakamura are two bicycle brands available at Budget Sport. Since all the products and selection of suppliers are made by Intersport Finland Oy, Budget sports has no information available regarding it. (Natri, personal communication on 07.05.2018).

Power

Power Finland Oy belongs to the Power International AS group, a new retailer of electronic home appliances. Power offers bicycles to the consumers of electronics items as a marketing promotion activities. Power offers bicycle once in a year for a short period, usually the offer lasts for couple of weeks. It is very important for Power to find a supplier with competitive price as Power offers the bicycle for free. Power is open to choose suppliers of bicycles anywhere from the world as long as the price is cheapest including costs for logistics. The supplier is given longer time usually for manufacturing and delivery of products. Power has a marketing team based in Tampere who make decision about the bicycle promotion offer. (Heinonen, personal communication on 03.05.2018).

Pyörä-Pori

Pyörä-pori is a bicycle, bicycle spare parts, and accessories selling shop based in city Pori. It has an online store and delivery area covers whole Finland. Pyörä-Pori sells local manufactured Finnish branded bicycles along with globally made international brands. Pyörä-pori does not import any product itself and has no plan to import any product or introduce own branded product in near future. (Nikander, personal communication on 05.05.2018).

7 SUMMARY AND CONCLUSIONS

The thesis begins with an introduction, where I have written the background behind the chosen topic and my interest about the topic. In the second chapter, the purpose and objective of the thesis, research problems, limitations of this work and ethical issues has been included. A conceptual framework presented as a figure to show the interrelation among the key topic covered in this paper. The reader of this paper will get a general idea about the core concept of this work looking into the figure.

The third chapter is about the case company –RFL, review of selected bicycles of RFL, and competitive advantages of RFL bicycles for global business to business customers.

RFL started business operation in 1980 with cast iron products. In 2014 RFL bicycles were launched for the local market and very next year the company started exporting to the international market. RFL bicycles product line includes all types of bicycles available in the market.

The fourth chapter covers the necessary background theory for the thesis. These theories are collected from well renowned literature. The necessary information and knowledge required for analysis of the prospect of a market is presented through classification of micro and macro environment of business. Various types of market entry strategy modes – licensing, export, investment, and strategic alliances are discussed later on. Finally, business-to-business buying behavior is discussed along with the factors that influence business buyer's behavior, and the important factors in managing business-to-business relationship.

In the next chapter, the chosen research method, research design and data collection method are discussed. In addition to this, validity and reliability of collected data has been explained.

Following chapter is titled as research findings which include statistical data, collected information from various agencies, and interviews. Finland has a very stable political and economic environment. Cycling is one of the top free time activities of Finnish people irrespective of any age group. Government and municipalities have taken many initiatives to promote bicycle usage in recent times. The initiatives include an aim to reach a target number of bicycle usage growth in next three decades. Finnish bicycle market is largely dependent on imported bicycles. It has been found that the RFL manufactured bicycles and price level are suitable for Finnish retailers.

A chapter with several recommendations are suggested for RFL. RFL may consider the recommendations to access into Finnish bicycle market.

8 RECOMMENDATIONS

RFL may consider about designing a product catalog in the Finnish language since Finnish is the mother tongue of the majority of the people. The company may contact the bicycle shops, hypermarkets, and sports outlets through face-to-face meeting. The representative of RFL should have familiarization about Finnish culture and business practicalities to make successful communication with prospective customers.

People in Finland usually buy new bicycles in the spring starting from late March, vendors start to bring bicycles to the local outlet one month prior to season starts. Considering the lead time and transportation time to Finland, RFL should contact the potential customers at least one year earlier than the selling season begins.

There are three customer groups available; hypermarkets, sports outlets, and specialized bicycles stores. The hypermarkets and the sport outlets could be RFL's focus market segment. Products sold by hypermarket and sports outlet are much identical of those manufactured by RFL. And the price level of RFL products is suitable for both types of sellers. Specialized bicycles shops do not import bicycles by themselves usually, they are the typical distributor of renowned bicycle brands.

RFL bicycle products ranges from average to upper average in quality along with competitive pricing. RFL should highlight these two aspects to the prospective customers while marketing. The price level of bicycles in hypermarkets and sports outlets are low to average, the sellers are offering a guarantee in product's durability.

GoExpo fair is Finland's biggest sports and outdoor activities fair. RFL can consider participating in the fair to display bicycles. The upcoming fair will take place on 15 – 17.3.2019 in Helsinki Messukeskus. More information is available on the web page - <https://goexpo.messukeskus.com>.

Finally, it is important to get updated with regulations from Finnish agencies controlling the nation's import. Time to time checking the web pages of the respective agencies and communicating to that agency to get precise information are recommended.

9 FINAL WORDS

It was a pleasant experience to complete this thesis. In the beginning it seemed somewhat complicated to carry on the work. I had a chance to apply the knowledge gained while studying international business at SAMK. I gained experience in market research, learned new things while conducting the interviews. I believe the experience will help me to become successful in my professional life. There is the possibility of further studies- RFL may conduct a research on bicycles spare parts and accessories market, and the process to participate in government and municipality project as a bicycle supplier.

Finally, I would like to thank my supervisor Mr. Tapio Pirkanaho for his valuable time and guideline to complete the work, Mr. Ismail Hossain from RFL for providing the necessary materials, my classmate Paul Butterfield for co-operating as an opponent, the employees from the bicycles retailer companies for their support in providing candid information while interviews.

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APPENDIX I

List of Questions

About the product:

- What types of bicycle do you sell?
- What kind of bicycles are sold most in your shop?
- Do you think RFL bicycles are suitable for your company?
- What do you think about the price level of RFL bicycles?

Importing bicycles:

- Where are your current suppliers from?
- Do you have any plan of marketing your own-brand bicycle?
- How important is competitive price of supplier to you? What about the reliability of the supplier in terms of delivery time? Which would you consider more important?
- How important for you the geographical location of the supplier?

Buying process and buying behaviour:

- Do you have a special purchasing department in your company?
- How does the purchasing decision making process take place in your company?
- What are the most important criteria when you consider selecting a manufacturing company as your supplier?
- How much would you say the organisational culture affects the choosing of the supplier? What about inter-personal culture?
- How could for example RFL best introduce a new product to your company?

APPENDIX II

Necessary information sources

- Summaries of legislation on General Product Safety:
http://ec.europa.eu/consumers/consumers_safety/product_safety_legislation/general_product_safety_directive/index_en.htm
- Summary list of titles and references harmonised standards related to general product safety can be found in Directorate General for Internal Market, Industry, Entrepreneurship and SMEs website:
http://ec.europa.eu/growth/single-market/european-standards/harmonised-standards/general-product-safety/index_en.htm
- Further information on **RAPEX**-system, including the notifications of measures adopted by Member States and the list of contact points, may be found on
http://ec.europa.eu/consumers/consumers_safety/safety_products/rapex/index_en.htm
- Product Safety Enforcement Forum of Europe - **PROSAFE** is a non-profit organisation established by market surveillance officers from various countries throughout Europe and supported by the European Commission:
<http://www.prosafe.org/>