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Entering German market with online service

Case WebinarStars Ltd

Thesis

Autumn 2018

School of Business and Culture

Bachelor of Business Administration



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Thesis abstract

Faculty: Business and Culture

Degree Programme: Bachelor of Business Administration

Specialisation: International Business

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Title of thesis: Entering German market with online service: Case WebinarStars Ltd

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Year: 2018 Number of pages: 41 Number of appendices: 2

The topic of this thesis is marketing of online service in Germany. Working marketing strategies are widely known to be related to target market and the type of service or product. This thesis aims to find out what factors should be considered when entering the German market with online service. The goal of the thesis was to give guidance for WebinarStars Ltd. what type of marketing strategy would lead them successfully enter the German market with their online service.

In theoretical framework of this thesis, marketing is presented from an online service perspective. Cultural aspects of Germany are respectively considered. The theoretical framework forms the basis for the empirical study of the thesis.

The empirical study was conducted as qualitative research with a group interview with several students of Aschaffenburg University of Applied Sciences in Germany and with individual interviews with Aschaffenburg University of Applied Sciences professors and staff members. The findings of the study would then be used for preparing instructions for company with an online service to enter German market.

Based on the results, if company wants to enter German market with an online service, they need to consider certain special factors. According the results, the most important factors to consider are certificates, payment methods, language, internet speed issues and cultural differences. Differences in laws and regulations should also take into consideration.

This thesis proved that to enter successfully to German market, the online service needs adapting, and company needs to consider certain local aspects. The results of the thesis can be exploited by the target company as well as other companies who wants to enter German market with an online service.

Keywords: marketing, market entry strategy, Germany, online service

SEINÄJOEN AMMATTIKORKEAKOULU

Opinnäytetyön tiivistelmä

Koulutusyksikkö: Liiketoiminta ja kulttuuri

Tutkinto-ohjelma: Bachelor of Business Administration

Suuntautumisvaihtoehto: International Business

Tekijä: Jan-Magnus Porema

Työn nimi: Laajentuminen Saksan markkinoille verkkopalvelulla: Case WebinarStars Oy

Ohjaaja: Ville-Pekka Mäkeläinen, Alexandra Angress

Vuosi: 2018 Sivumäärä: 41 Liitteiden lukumäärä: 2

Tämän opinnäytetyön aiheena on verkkopalvelun markkinointi saksassa. Toimivien markkinointistrategioiden tiedetään olevan sidoksissa kohdemarkkinaan sekä palvelun tai tuotteen tyyppiin. Opinnäytetyön tarkoituksena on selvittää mitkä tekijät tulee ottaa huomioon kun halutaan laajentua Saksan markkinoille verkkopalvelulla. Työn tavoitteena oli antaa opastusta WebinarStars Oy:lle siitä, minkälainen markkinointistrategia johtaisi heidät menestyksekkäästi laajentumaan Saksan markkinoille heidän verkkopalvelullaan.

Opinnäytetyön teoreettisessa viitekehyksessä tarkastellaan markkinointia verkkopalvelun näkökulmasta. Saksan kulttuurille ominaiset tekijät on yhtälailla otettu huomioon. Teoreettinen viitekehys on pohjana tämän opinnäytetyön tutkimusosiolle.

Tutkimus tehtiin kvalitatiivisena tutkimuksena. Aineiston keruumenetelmänä käytettiin ryhmähaastattelua, johon osallistui useita Aschaffenburgin korkeakoulun opiskelijoita eri aloilta sekä yksilöhaastatteluja, joihin osallistui Aschaffenburgin korkeakoulun professoreita ja luennoitsijoita. Tutkimuksen tuloksia käytetään työssä Saksan markkinoilla menestymisen ohjeistuksen laatimiseen.

Tutkimustulokset osoittivat, että jos yhtiö haluaa menestyä Saksan markkinoilla verkkopalvelulla, niin huomioon tulee ottaa tiettyjä erityispiirteitä. Tärkeimpinä asioina nousi esiin sertifikaatit, maksutavat, palvelun kieli, ongelmat internet-yhteyksien nopeuksissa sekä kulttuurierot. Myös erot laissa ja asetuksissa tulee ottaa huomioon.

Tämä työ osoitti, että menestyäkseen Saksan markkinoilla, verkkopalvelua tulee muokata ja yhtiön tulee ottaa huomioon tiettyjä paikallisia erityispiirteitä. Työn tuloksia voivat hyödyntää kohdeyrityksen lisäksi myös muut yhtiöt, jotka haluavat laajentua Saksan markkinoille verkkopalvelulla.

Asiasanat: markkinointi, markkinoille laajentamisen strategia, Saksa, verkkopalvelu

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Terms and Abbreviations

CEO	Chief executive officer, position of the most senior corporate administrator in charge of managing the company.
NGA	Next Generation Access is also known as Fibre to the x and it is term for broadband network that is using optical fibre.
HSPA	High Speed Packet Access is mobile connection protocol that enables mobile devices to use high speed internet.
Red tape	Excessive amount of bureaucracy or regulations that prevents or hinders actions and decision-making process.
UAS	University of Applied Sciences. Institution of higher education.
Marketing strategy	Marketing logic that company hopes to help them to achieve their marketing goals.
Marketing research	Study that aims to give information about potential customer's and their needs to the company or industry.
Moodle	Moodle is a free and open-source learning management system that is used by most teaching staff members in Aschaffenburg UAS.

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1 INTRODUCTION

1.1 Overview

Entering a new market is always a challenge for a company. Entering a new market with online service gives certain advantages and certain disadvantages. With online service it is fast to enter new market through internet but without proper knowledge of the target market and well-planned marketing strategy it is very challenging to be found and used by local consumers.

Commissioner of this thesis is a Finnish company called WebinarStars Ltd. Company was founded in early 2018 and they have built a video learning platform where anybody can add their own content and start to sell their knowledge to the other people in form of webinar. Currently, in August 2018, their service is available online and their marketing focus is in Finland and in United Kingdom. They are actively searching content creators to the service and marketing for customers is planned to be started later this year. (WebinarStars Oy - Business Plan 2018)

Company CEO Anu Rekola (2018) mentioned that WebinarStars wants to enter the German market as soon as possible, thus needing more knowledge of the market to create successful marketing strategy.

With target market analysis company can plan better marketing strategy and decrease risk of making mistakes when entering the new market. This can lead to higher income and better sales while protecting company from gaining bad reputation or losing money.

1.2 Earlier studies

As this thesis is about entering the German market and marketing online service to individual customers in Germany, there is no earlier studies about this exact field. However, there are several studies of entering German market with various of products and services with different target groups.

Mars (2018) has made thesis about Germany as a market field where she researched marketing entry strategies for Finnish candy company. This research gives very valuable information about Germany as a target market and the conclusions are very positive in terms of easiness to enter the market.

Ortner (2014) made thesis about developing marketing plan to Germany for Finnish company who is providing energy management systems. In this study there is more factors about marketing and less about market entry. Results are however very case related and hard to generalize.

Both studies are good source of knowledge about German as a target market and can be used as guidance when planning to enter the German market. They can also be used for comparison when reflecting the results of this thesis. However, they both are about physical products and for that reason their results cannot be fully exploited for online service.

Klehm (2011) in her thesis was studying online service and social media aspects in Germany for Finnish company with service that was dedicated for bars, nightclubs and similar companies. Conclusions showed growing trend of using social media and online systems in big cities.

Klimchuk (2013) in his thesis made German market analysis for digital marketing company. In this study it is shown that Germany is very open for new businesses and entering the market is relatively easy for services in business-to-business field.

Ossai and Rodosthenous (2013) made a thesis about international expansion of e-learning platform to German market. Their study gives good reference to market entry and marketing strategies in Germany for online service but only to institutions like universities and schools.

1.3 Research problem, goal and structure

Aim of this thesis is with qualitative methods to find out how German consumers would get so interested to learn new skills and gain new knowledge that they would pay for it and how to inspire them to do that by using online learning platform. Goal

of this thesis is to find out what aspects should company consider when planning marketing strategy in Germany with online service.

Thesis goal is to create instructions for marketing strategy to the German market and to give knowledge to the company how to gain customers. For this reason, theory framework is focusing more on marketing aspects than on marketing entry strategies. Cultural aspects are mentioned in theoretical framework as they are relevant for the case.

In the Introduction part of the thesis (chapter 1) target company and goal of thesis are introduced. In this part also the research problem, structure of the thesis and other researches around the topic are covered. Theoretical framework (chapter 2) is including theories about marketing, culture and online services. In chapter 3 Germany as a target market is introduced. Empiric part (chapter 4) is about qualitative research and interviews. Chapter 5 will introduce the results of the study and the instructions for marketing strategy made for the company based of the study and theories. In the end of thesis (Chapter 6) there is conclusions and summary of this thesis.

2 THEORETICAL FRAMEWORK

2.1 International market entry

Finland's International Business Operations program made a research and find out that Finnish companies are expanding to international markets due to small size of home market in Finland (Rope 2005,128).

Rope (2005, 128) claims that it is not enough that company wants to expand, there needs to be also possibility to make internationalization profitable. He makes a list of inner factors that should be considered before deciding to expand to other markets.

1. Resources
 - 1.1. Manufacturing resources
 - 1.2. Financial resources
 - 1.3. Mental resources
2. Product/service suitability for exporting
3. Commitment
4. Language skills
5. Functional factors

Rope (2005, 133) says that if all the things listed above are in good condition inside the company, then they can start to choose a country where they would like to go. After making that decision, they should analyze the market and if there is good situation with demand and competition, then company can start to choose their entry strategy.

2.2 Market entry for online service

Internet is often considered as open playfield where there is no need for specific entry strategy. This is not however true because the internet strategy theory does not involve the search process of the consumers (Holland & Mandry 2012, 1).

Holland and Mandry (2012, 2) identify five different strategies for online service entry:

1. The online launch effect

Company enters the market launching an offer that is more tempting with pricing or availability than the competitors (Holland & Mandry 2012, 8)

2. Open web partnership

Company works with other webpages to get more people to their service.

3. Build alliance with incumbent

Company works with one rival company to gain market share from some other company

4. Multi-brand attack

Company own several brands and using them to gain more market share

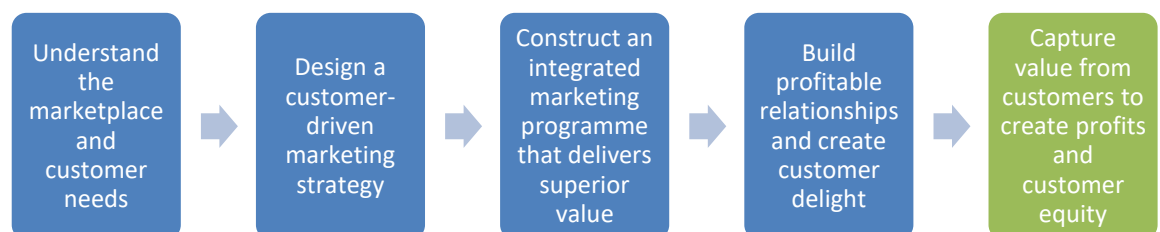
5. Exploit technology shift

Company waits market entry until some big technology shift happens

2.3 Marketing

Marketing is function that is dealing with customers more than any other business function and thus it can be defined like this: “marketing is managing profitable customer relationships” (Kotler et al. 2008, 6).

According to Kotler et al. (2008, 7) marketing is not only advertising and selling but much more: Todays marketing is about satisfying customer needs and for that company needs to have larger marketing mix. They define marketing process where company aims to create value for consumer to gain value as form of sales from them (Picture 3).



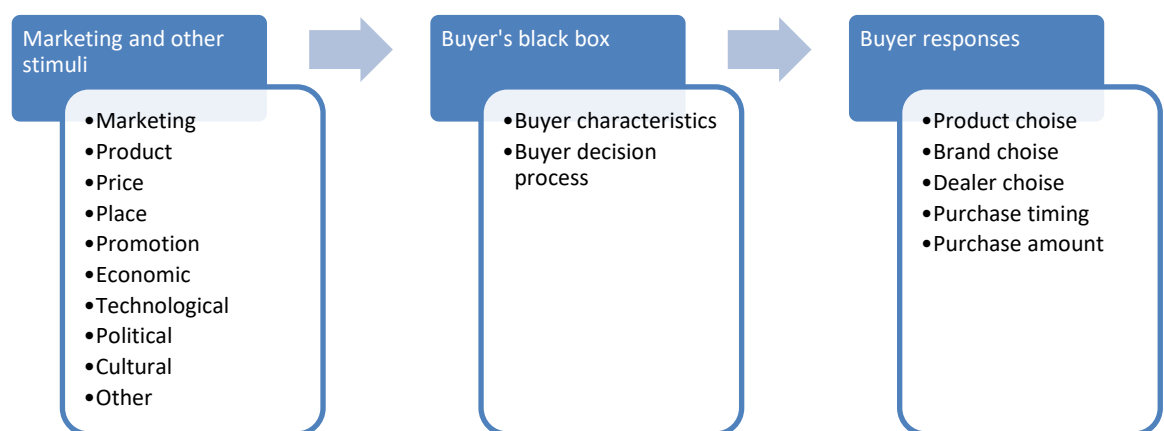
Picture 1. Five-step model of marketing process. (Adapted Kotler et al. 2008, 7).

2.4 Consumer markets

Kotler et al. (2008, 238) are saying that to understand consumers behavior, there is six excellent questions to ask:

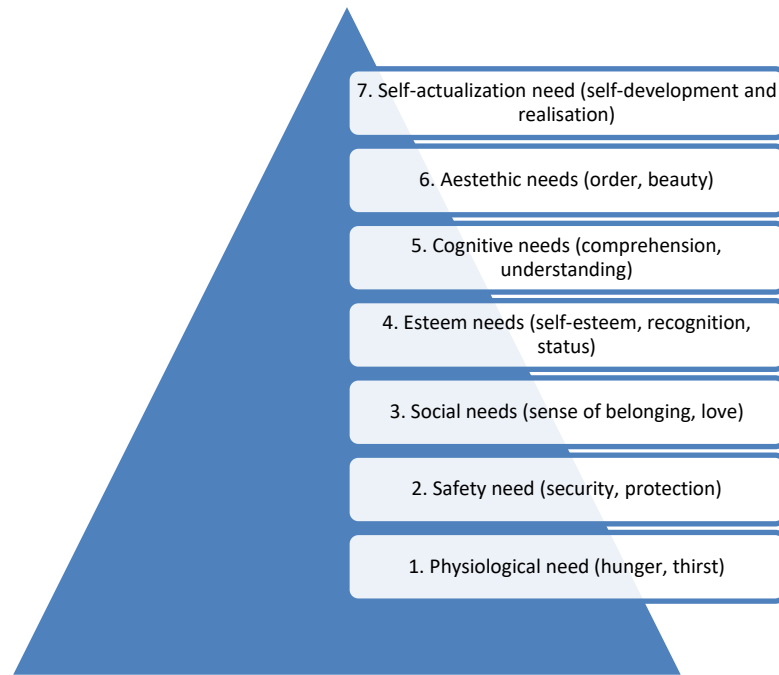
1. What do consumers buy?
2. Where do they buy?
3. When do they buy?
4. Why do they buy?
5. How do they buy?
6. Who buys?

They claim that with these questions, it is possible for a company to understand what is in the “black box” of the buyer (Picture 4) and to plan and execute right stimulus to achieve wanted responses.



Picture 2. Stimulus-response model of buyer behavior (Adapted, Kotler et al. 2008, 239)

According Abraham Maslow (1987, 15-22) all actions of people are driven by their needs. He claims that these needs can be divided to seven different layers where person tries to satisfy the most important first. When important one is satisfied, person do not get motivated by it anymore and he starts to be motivated by the next level (Picture 3).

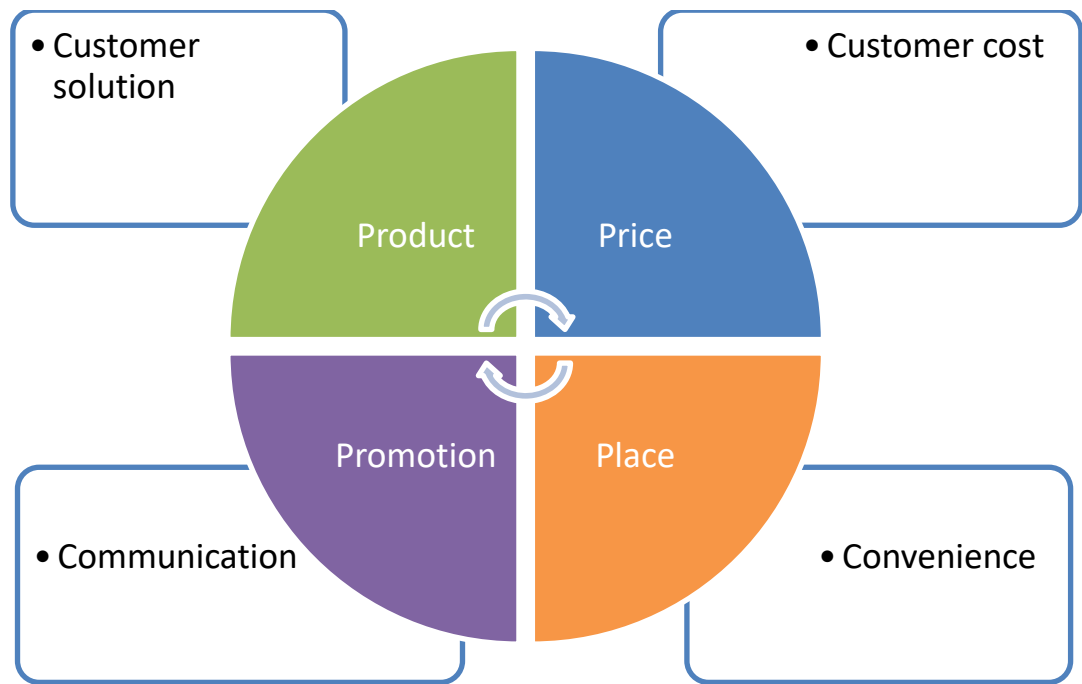


Picture 3. Maslow's hierarchy of needs. (Adapted from Abraham Maslow 1987, 22).

According to Kotler et al. (2008, 257) people in Germany are most highly motivated by need for order (aesthetic needs) and recognition (esteem needs) while in some other countries self-actualization or belonging might be more important. Companies need to understand local culture and values to be able to do successful marketing.

2.5 Marketing mix

According to Kotler and Keller (2006, 19) the classical way to think about marketing activities from the company side is to use the four Ps of marketing: product, price, place and promotion. They also describe four Cs as counterparts from the customer's side: customer solution, customer cost, convenience and communication (Picture 4).



Picture 4. Fours Ps and four Cs (Adapted Kotler & Keller 2006, 20)

2.5.1 Product

Product can be anything that might satisfy a need or a want and is available to a market for attention, acquisition, use or consumption. It can be physical object, service, person, idea, place, organization or any combo of these (Kotler et al. 2008, 500). They continue by saying that services are intangible products where sales do not lead to ownership of anything.

According to Kotler et al. (2008, 500) product is the main element in overall marketing and marketing mix planning should start with creating an offer that brings value to the target customers. With this starting point, company can build profitable relationship with the consumers.

2.5.2 Price

Price of the product or service normally sets somewhere between so low price that it would not be profitable and so high price that buyers would not be willing to pay it. Former one is easier to define inside of the company but when defining the latter one, company needs to think customer value (Kotler et al. 2008, 639). This means

that when customer is giving value to the company in form of payment, he should feel that he got same amount or more of value back from the company.

According to Kotler et Al. (2008, 640-649) there is two main options for pricing: either cost-based pricing or value-based pricing. In cost-based pricing the price is decided by company's cost structure and certain profit margin while in value based the price is not related to the cost structure but to the value that customers could gain from it. In most cases companies are somewhere in the middle of these two strategies, combining them both.

2.5.3 Promotion

It is said by Kotler et al. (2008, 691) that it is not enough that company has good product and reasonable pricing available. They also need to communicate to their customers and potential customers to be able to have successful business.

They list five major promotion tools:

1. Advertising
Any paid non-personal promotion.
2. Sales promotion
Short term incentives to make potential buyer to purchase.
3. Public relations
Building company reputation and good relations by gaining favorable publicity.
4. Personal selling
Personal presentation made by company's staff members
5. Direct marketing
Direct connection with chosen customers that can lead to more sales or keep up the already existing relations.

Each of these have their own specific promotional tools to communicate with consumers and they should all be used. However, communication goes beyond these

tools and for that reason the whole marketing mix should be planned to support core message of the company and to add value for consumers (Kotler et al. 2008, 697).

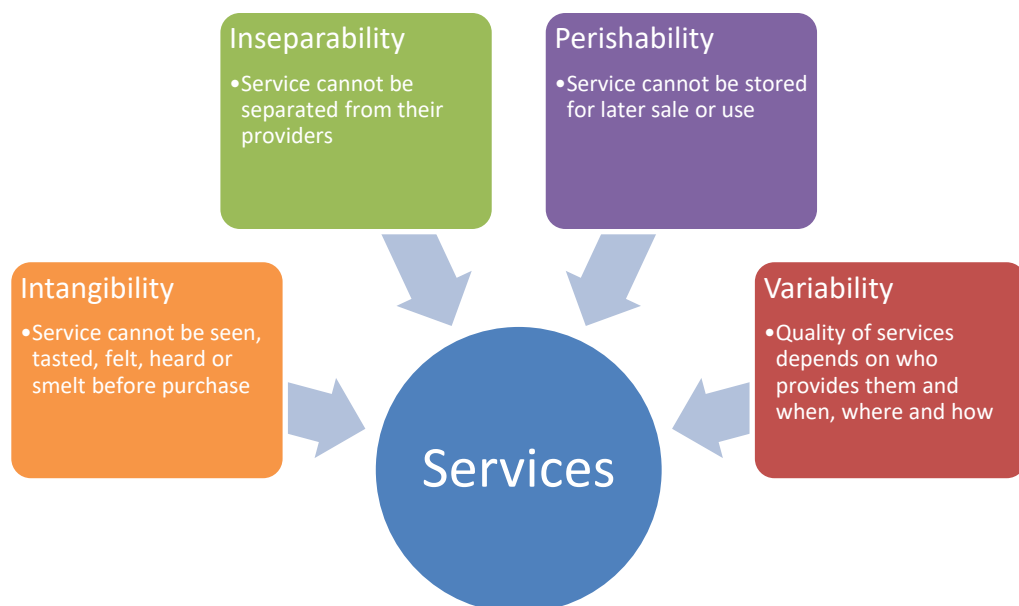
2.5.4 Place

To get company's product or service to the customers, it is not enough to build relationship only with customers but there is also need for supply chains and even more for value delivery networks (Kotler et al. 2008, 880).

According to Kotler et al. (2008, 896) planning the channel for marketing and to serve customers is very important decisions inside the company. To make this work, company needs to know what customer needs and wants, how he can be reached and what is the goal of communication. It is also good to evaluate alternative channels.

2.6 Marketing strategies for services

According to Kotler et al. (2008, 599) company needs to think four different aspects of service before making marketing decisions (Picture 5).



Picture 5. Four aspects related to services. (Adapting Kotler et al. 2008, 599)

Service companies should use their marketing as a tool to position the company or their brand in certain target market that was chosen (Kotler et al 2008, 604). Kotler also suggest that three additional Ps should be added when marketing mix is used for services. These three Ps are people, physical environment and process.

2.6.1 People

Most services are provided by people so selecting right people who have good training and motivation can affect very much to the customer satisfaction level (Kotler et al. 2008, 604)

2.6.2 Physical environment

As services are intangible products, the environment where they are offered is getting bigger role than with physical products. Good environment is way to communicate high quality and other values of the company to the target customers (Kotler et al. 2008, 604).

2.6.3 Process

According Kotler et al. (2008, 604) companies providing services can create superior delivery processes. Especially online tools are giving enormous amount of possibilities to make process very effective and even add value to the customers by saving their time and money.

2.7 Marketing analysis

According to Rope (2005, 421) marketing analyze can be defined to be organized action that aims to collect and analyze marketing related data that is used to create extra value to support organization's marketing decisions.

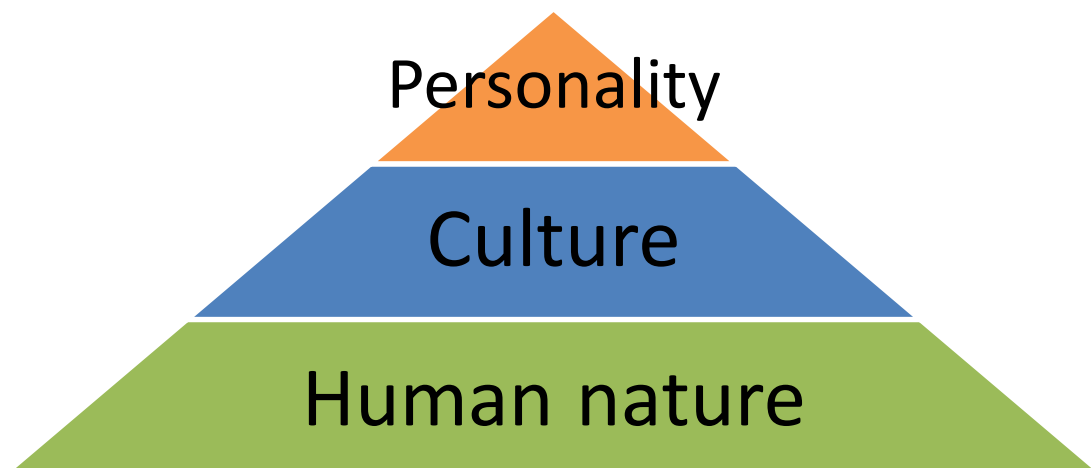
In marketing analysis there is two options to make research: either qualitative research or then quantitative research. Former aims to answer questions like "Why?",

“How?” and “What kind?” when latter aims to answer questions like “Who?”, “What?”, “Where?”, “How much?” and “How often?” (Rope 2005, 424).

2.8 Culture

Culture is often mentioned to be the force that makes people to have certain behavior patterns and that is why company should also do “cultural due diligence” before entering any new markets (Moran, Harris & Moran 2011, 11).

Geert Hofstede (1994, 4) describes culture to be something that everybody is carrying within them. It includes how people think, feel and act in their lifetime. He calls it mental programming. In his book he divides it to three parts (Picture 4). Human nature is universal and inherited while culture is specific to a group and it is learned. Personality is specific to individual and it is both inherited and learned.

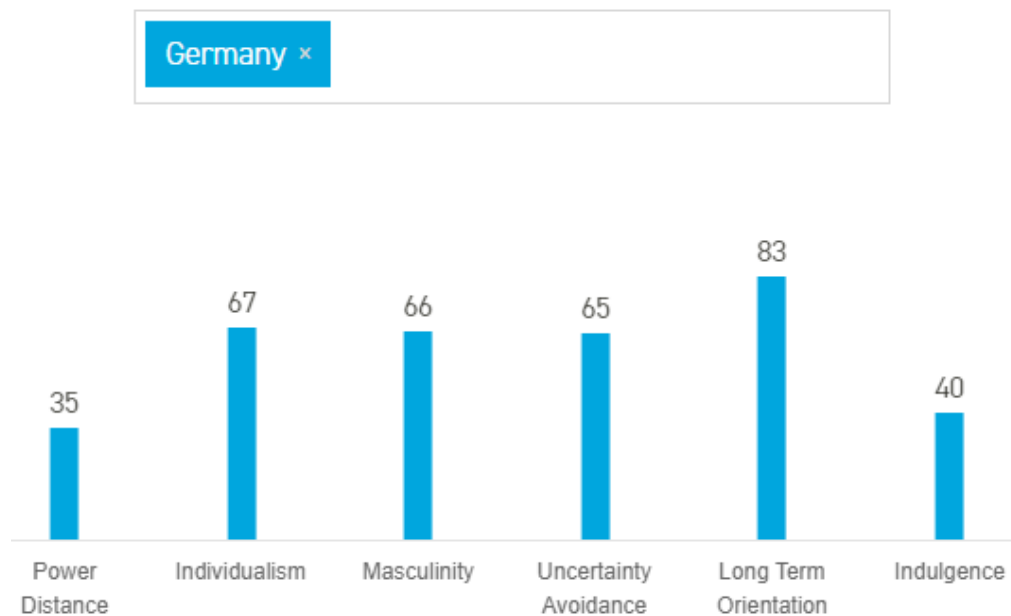


Picture 6. Three levels of uniqueness in human mental programming (Adapted Hofstede 1994, 6)

According to Moran, Harris and Moran (2011, 14) there is hundreds of different theories and anthropological approaches to cultural differences. One of the main one that they want to introduce is the Hofstede model and its four original factors: Power distance, Uncertainty avoidance, Individualism and Masculinity. Later Hofstede added Long Term Orientation and Indulgence (picture 6).

When working with Germany, important aspect to know is that they are low context culture (Hall & Hall 1990, 7) and their communication style is very direct and honest.

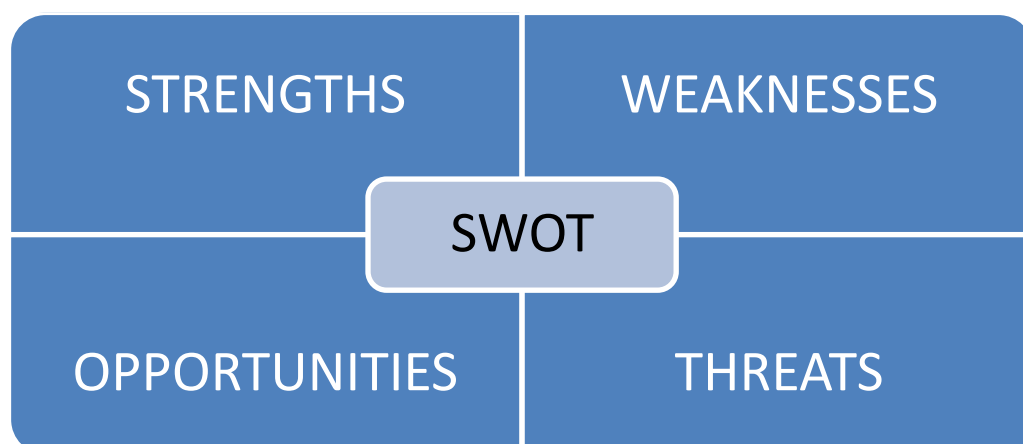
They respect honesty over politeness but still they are also very formal when communicating with other people (Warburton 2017).



Picture 7. Germany showed with six different Hofstede cultural factors. (Hofstede Insight, 2018).

2.9 SWOT-analyze

SWOT-analyzing is a method to go through any company's or project's strengths, weaknesses, opportunities and threats (Kotler et al. 2008 ,135).



Picture 8. Example of SWOT-analyze structure.

3 GERMANY AS A TARGET MARKET

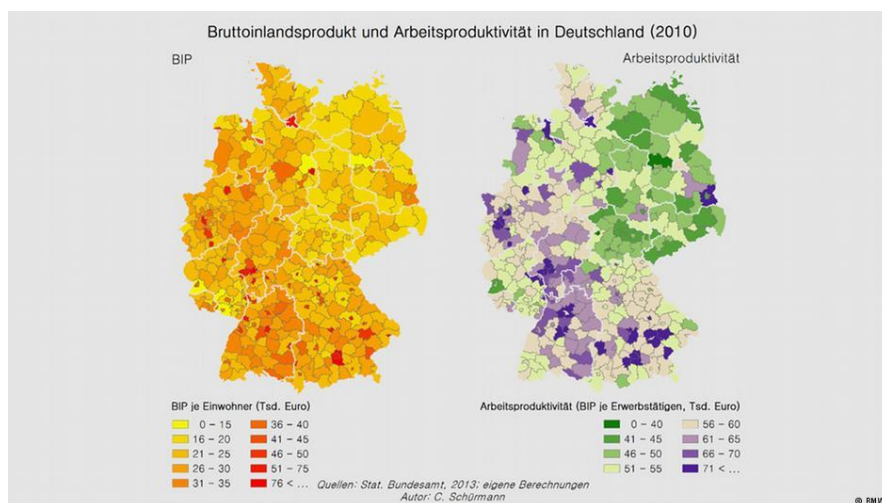
3.1 Economy situation

Germany has over 80 million people and it is European largest and worlds fifth biggest economy with GDP of 4.171 trillion US dollars. Currency in Germany is Euro and German is the official language (CIA - The World Factbook, 2017).

Anu Rekola (2018) mentioned in interview that size of the German economy is one of the main reasons why their company is very interested to enter that market as soon as possible.

Germany now has 16 states as it is Federal Republic and each state has their own laws and regulations. Germany was split in two parts after the second world war in 1945 and German reunification happened in 1990 (CIA – The World Factbook, 2017).

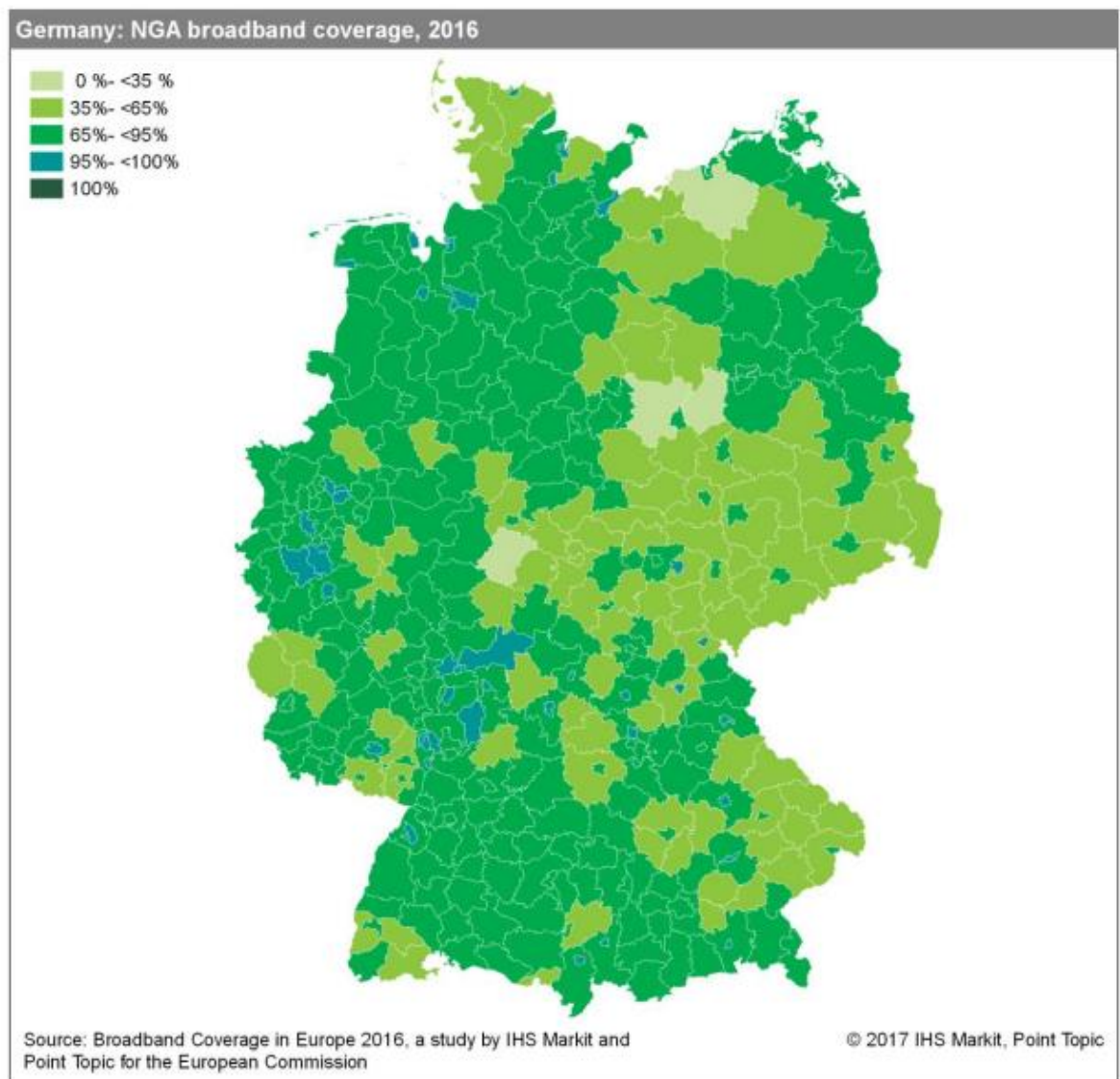
Bölinger (2014) points out that even when officially all states are equal, since the reunification, former West Germany has given over two trillion US dollars as financial aid to the former East Germany and still there is major differences between the states. Former East German states are much less productive and have much smaller GDP than former West German states (Picture 1).



Picture 9. Maps showing differences between states. (Bölinger, 2014)

3.2 Internet access

In Germany 90 percent of households had internet access in 2017 and 75 percent of individuals aged 16 to 74 used a portable computer or a handheld device away from home (Eurostat, 2017). However, the NGA broadband coverage in 2016 was still between 35 and 65 percent in many parts of Germany and in some parts even under 35 percent (Picture 2).



Picture 10. Next Generation Access broadband coverage in Germany 2016 (European commission 2016, 97).

European commission (2016, 26-43) made a study showing that Germany is having second lowest total HSPA coverage and lowest HSPA rural area coverage in whole

European Union. Only 60 percent of German population living in rural areas have HSPA available while average in European Union is 92 percent.

3.3 Relevant cultural aspects

According to Keith Warburton (2018) communication culture in Germany is very direct, and Germans expect to get specific details to support arguments given for them. This means that if company wants to make German people to buy any of their service or product, they need to have plenty of facts available.

Hofstede Insight (2018) is mentioning that German people are trying to avoid uncertainty with systematic overview and planning. According to him they give great value to details to create certainty. In Germany performance is highly valued and status is often showed. Consequently, many Germans appreciate their work higher than other aspects of life.

In German culture, people are respecting teachers and managers since they are expected to be capable in their own field and show clear leadership, so others, students and workers, can follow (Warburton, 2018).

3.4 Agreements between Finland and Germany

Finland and Germany are both members of the European Union and both are using Euro as a currency (CIA – The World Factbook, 2017).

According to the European Commission (2018) the Single Market for Services makes possible for EU companies to offer their services also in other countries than the one where they are established. This was made sure when Service Directive was published in 2006.

There is still some limitations and some red tape in European Union for services, but these are mostly for companies that are providing services where labour needs to be moving from one country to another to offer the service like example cleaning, repairing and building work (European Commission, 2018).

4 STUDY OF BUYING DECISION FACTORS IN GERMANY

Empirical part of the thesis is made as qualitative research by interviewing group of university students from several study fields and staff members of the university in Germany. All interviews are based on theory framework of this thesis and especially marketing mix was used as a base of the support questions. Aim of the study was to recognize local factors that company should consider when planning marketing strategy and their own marketing mix to achieve best results.

4.1 Research method

Qualitative research is a method to gather non-numerical data and make findings from results (Seale et al. 2002, 7). For this, the good qualitative research study should explain its aim and purpose and collected data should be re-present faithfully and analyzed critically. The relationship of the study to existing knowledge should be explained and the study should provide something new (Seale et al. 2002, 9).

Kananen (2014, 19) mentions that this method is used to understand individual phenomena. She says that in good qualitative research it is mandatory to explore situation deeply, but it is still not possible to generalize the results. Kananen claims that qualitative research is not straight process, but it happens in cycles. She tells that it is not possible to know in advance how much data or what data should be collected. The results will come when there is enough data.

According to Kananen (2013, 30-31) qualitative research is an umbrella term for various research methods. One of them is case-study where study is limited to certain target. In case-study there should be various methods to collect data, example literature and interviews. She mentions that theme interviews are very common method in qualitative research and says that theme is wider than one question. Aim of the theme interview is to get people discuss about certain phenomena (Kananen 2014, 76).

Seale et al. agrees (2002, 15) that interview is one of the main methods of qualitative research and they are very effective to collect data. They also mention that it is

important to make sure that the questions are not leading answers to certain direction. According to them best way to get good results is to have open conversation where people can relax and talk freely.

In this thesis qualitative case study was used as a method. Data was collected from literature and with group and individual theme interviews. Aim of the study was to answer the research question: what makes German people to buy online learning services and is there local factors that needs to be taken into consideration when marketing the service?

Theme interviews were arranged in Aschaffenburg University of Applied sciences and they were all filmed. There were several hours of interviews held and recorded. In this work there is parts of those recorded conversations written down to show the important findings. Target group of interviews was limited to university students and university staff members in one higher education institute in Germany. This is noticed during the conversations and analyzing the results.

4.2 Theme interviews

Theme interviews were based on these themes:

- How are Germans using new technology?
- How is German buying behavior?
- Are Germans eager to learn new skills and knowledge?

There were small adjustments to the supportive questions when interviewing students and when interviewing staff members. Supporting questions were used to guide the conversation if needed.

Supporting questions can be found from appendices: appendix 1. Supporting questions for student interview and appendix 2. Supporting questions for staff interviews.

4.2.1 Interviews to the students of Aschaffenburg UAS

In group interview with students there were all together six participants. Three from Faculty of Engineering and three from Faculty of Business and Law. Group was having both, female and males. One of them was studying master's degree and rest of them were studying bachelor's degree.

First, discussion was about learning things outside of materials provided or recommended by the university or professors. Couple comments from the beginning of the conversation:

“I am just reading what the professor recommends.”

“I watch videos of my hobby, diving, all the time.”

Most of the students were not studying anything school or career related in home that was not mandatory since they felt that there was already more than enough to study provided by the university. All but one of them were anyhow watching videos to learn new things related to their hobbies and other interests.

They all agreed that if the professor or another student would recommend watching a video to understand the subject better, they would do that since they found videos good way to learn if they are well made. However, they did not feel that video-format would start replacing old materials in Aschaffenburg UAS very soon since they felt that many staff members are having strong conservatism in them and that they do not want to start using new technologies.

Second topic was about studying new skills or knowledge after graduation.

“I never thought about that.”

“I am sure I will, but I think my employer will choose what I will study after graduation.”

“If there is certificate available.”

As mentioned in chapter 2.3, in Germany the job and career are very important while they try to avoid uncertainty and gain better status. Students were all agreeing that

their future learning and skills to gain are probably chosen by their employer or future boss, so they do not have to think about it.

They also pointed out that in Germany learning without certificate is basically worthless since in there you need to prove everything you know with certificate.

Third part of the conversation was covering the idea of using videos as a learning format and what would be great length for the video:

“I would like to have one-hour video”

“15 minutes is maximum”

“Video series would be best”

There was long discussion about this topic where students pointed out that very short video is rarely enough to learn something new properly, but then long videos would be problematic, because finding a certain part of the video to repeat it would be much more challenging. One student also pointed out that with long videos it would be harder to find good time to start.

Finally, they all agreed that series of 15-minute videos would work best since then it would be easier to find certain part again while it would still be possible to have more info with one price by watching many episodes.

This discussion lead to another interesting topic about the language of the videos.

“Subtitles would be great.”

“I would prefer German language but English works also.”

“English works for me”.

Student told that Germany is a country where tv-series and movies from other countries are synchronized to German language. They do not use subtitles in anything and they have everything available with good quality in their own language. In this interview all persons participating were university students, so their English level is very good. However, they mentioned that this is not the case with most German people and many people would probably not pay for video without German

language. Some of those people could maybe pay if there would be German subtitles available.

There was also discussion about the subtitles no matter the language after one student proposed this and others were agreeing with the idea. They mentioned that sometimes it is hard to hear or understand some word from audio only, so then subtitles would help. Especially they wished this for English videos.

Discussion went for payments and the first reactions were very harsh.

“I would never pay for any video.”

“I could watch if university or my employer would pay it.”

“Maybe two euro if I can watch it only once.”

After discussion about the content, pricing, reputation of the author overall things around the quality and potential value of the videos, everybody agreed that they could pay for watching video if they would feel that it is beneficial for them. They would anyhow want to get certificate that they have participate it. This included also videos about their hobbies and related to their free time.

Payment methods in online services were the next topic of interview. Every student mentioned different payment method that they prefer. Credit cards like Visa and Mastercard are not very popular in Germany while PayPal, Giropay and several other local services are preferred. Couple students also mention that they would like to have invoice send by mail.

Most common device that students would like to use while watching videos or otherwise using the service was laptop.

“Mobile internet is too slow to watch while travelling.”

“Laptop is easiest”

Most common reason was that it is easy to use. As shown in chapter 2.2 there is still plenty of areas without proper mobile data coverage and many smaller villages that do not have broadband. This is clearly a problem for using online services.

Finally, the conversation went to marketing this kind of service. Most of them are having adblocker in their internet browser, so paid straight advertisement would not reach them. Students founded it quite unlikely that they would share a good video in social media but agreed that they could watch a video or use a service recommended by friend or some person that they are following in other video services or in social media.

In the end there was some questions and answers that also revealed what consumers could like to know from the company. One student asked question that if he pays for a certain video, can he watch it only once or forever or something between these two. He also mentioned that this affects quite a lot for the pricing that he would be willing to pay.

There was one totally new idea mentioned during the interviews with the students. Proposition was that there should be one free video from each content creator, because that would help customers to make the purchasing decision.

4.2.2 Interviews to the staff members of Aschaffenburg UAS

Staff members were interviewed individually either face-to-face or via video call since timetables for group interview did not match.

Those three staff members that participated were quite positive for this kind of service. However, it got clear very quickly, when inviting people to the interviews, that those staff members who are more conservative, were declining to even come to interview because they were not enthusiastic about the topic or new systems.

One example of this kind of behavior was email that was received as a reply to invitation for an interview. Mail was very short, and it had this line: "I am not right person to this interview since I am not even using Moodle".

This shows that there are staff members who are very much against new systems and do not even want to discuss about them. This needs to be taken into consideration in results of this study.

In interviews with staff members there were plenty of same themes and points than with students. These points were mentioned by students and staff members:

- Slow and quite expensive mobile data and internet coverage can be challenging for this kind of service, especially in rural areas.
- Most German population are mainly using services in German language.
- People want to get certificates from everything they learn
- There is plenty of variations with payment methods preferred in each area of Germany and even inside the area in smaller subcultures.
- Video is a working method to learn new things
- Both groups also agreed that they could pay more for video that is made by person who is known in his/her field.
- 15-minute video is good length

Members of the staff were more willing to pay for good content and they compared it to the price of a seminar or other training, which made possible to the price to go for hundreds of euro if the content is very high quality and available also in future.

Staff members pointed out some interesting points that the students did not mention.

Firstly, there was conversation about the laws and regulations, especially the data protection law. They mentioned that many Germans are very concerned about their privacy and the laws are very strict against those who manage to mistreat the data of their customers or other users.

Secondly, staff members wanted more flexible and progressive ways for students and for themselves to learn new knowledge and skills. They saw potential in videos that would make it possible for people to learn whenever it is good moment for them. However, they also made clear that they want to keep traditional teaching side by side with videos.

Third thing that was mentioned was the time how long consumer can watch the video. If consumer buys a video and next week the content creator decides to stop using this platform, is the content still available for persons who already pay for it or will it disappear. This is something that should be made very clear for customers and content creators.

4.3 Research results

Research results clearly shows that there are many local factors in German market that will affect to the market entry and marketing plan of any company that wants to start business in Germany with online service.

Some of the findings are not affecting straight to the marketing but as mentioned in chapter 2.3.3, everything that company does is part of their communication.

Overall the results showed very positive attitude toward learning with videos and even for paying to see the videos if the content is good and useful and especially if the video is made by a person who is known in his/her field.

This research was made by interviewing people studying or working in institution of higher education who were willing to come to the interview. These results cannot be generalized to everybody studying or working in University of Applied Sciences in Aschaffenburg or somewhere else in Germany and especially these results cannot be generalized to represent German population.

This research is still showing some very clear trends and issues that are supported by other researches and literature and for that reason the results can be used.

4.3.1 Payment methods

Qualitative research shows very clearly that there is wide variation of payment methods used and preferred in Germany daily basis. This is a challenge for any new company entering the market. It requires due diligence of target customer group payment behavior to maximize the results without a need to pay license to all of those different payment methods.

4.3.2 Cultural differences

Cultural differences came up in conversations and in theory. Cultural aspects are especially important when choosing the sales method, planning the advertisement

and especially when communicating directly with customers. Germans are combination of very polite and very direct communication style who respect honesty and are most highly motivated by need for order and recognition.

4.3.3 Internet speed

Literature and other studies showed that internet access problems are mostly in rural area of Germany. On the other hand, during the interviews both, students and staff members pointed internet issues as a reason to not use mobile data while travelling example with bus. This is partly controversy data but to provide online service to consumers, it is more important how people feel about their internet connection speed than what is theoretical coverage based on transmitter towers.

4.3.4 Certificates

Germans are very career orientated people and for them studying and learning new skills and knowledge is only useful if they get a certificate to prove that they have done it. This can be challenge to outside company to get their certificates known and respected by employees and recruiters, but it also provides opportunity since every certificate is advertisement that customers will be showing to other people.

4.3.5 Language

Findings of the interviews shows that academic people can also watch videos in English, but even some of them would prefer subtitles in case that they do not understand something. However, most German people prefer to use German language to everything what they do and to get those people to be customers for the company, there is need for subtitles or even full German translation of the web page.

4.3.6 Laws and regulations

Mostly Germany is following same laws and rules than rest of the European Union. However, Germany has some special laws that are much more strict and need to be taken into consideration when starting a business in Germany.

5 INSTRUCTIONS FOR MARKET ENTRY AND MARKETING STRATEGY

5.1 Short-term plan

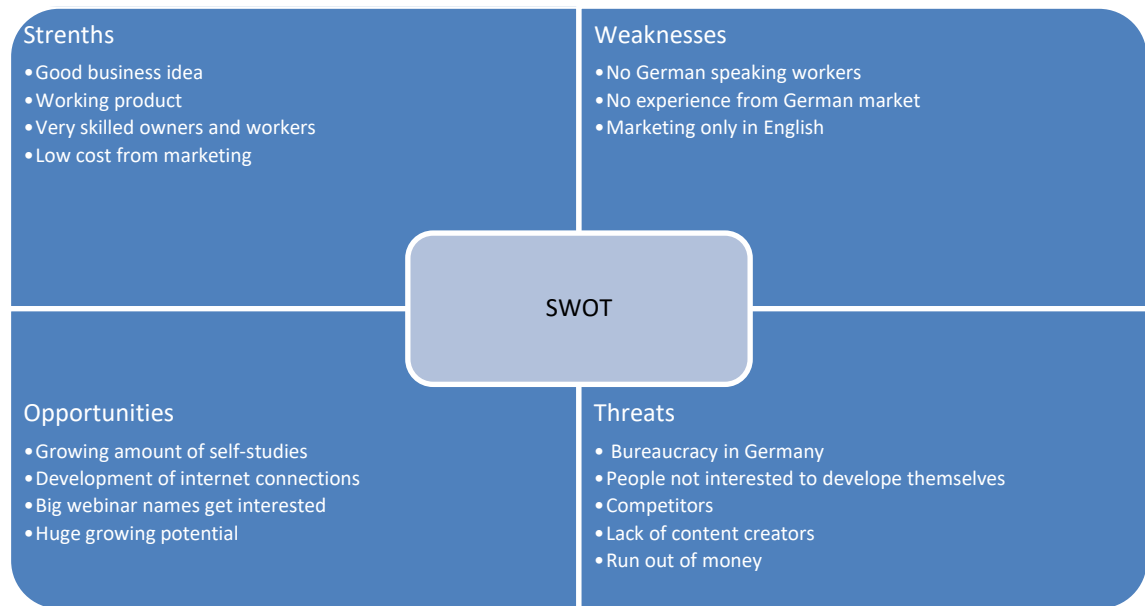
WebinarStars Ltd should make sure that their service is having all the right licenses and permissions to work in Germany by all the local regulations and rules. Then they should start marketing for specific target group.

Based on this thesis theory and findings of research, the target group should in the beginning to be English speaking people who live in big cities and especially in area of former West Germany. These could be divided to even smaller target groups by their interests in social media. Marketing entry strategy should be online launch effect with good opening offer. This strategy should work very well since there is very small amount of competition.

Marketing should in the beginning to be started in Facebook, Instagram and YouTube as regular paid advertisement to reach this target group with minimum costs.

This version can also be used as a tool for finding content creators for the German local version.

WebinarStars Ltd. in this scenario was analyzed by using SWOT-analyze (picture 9).



Picture 11. SWOT-analyze for short-term plan in Germany

5.2 Long-term plan

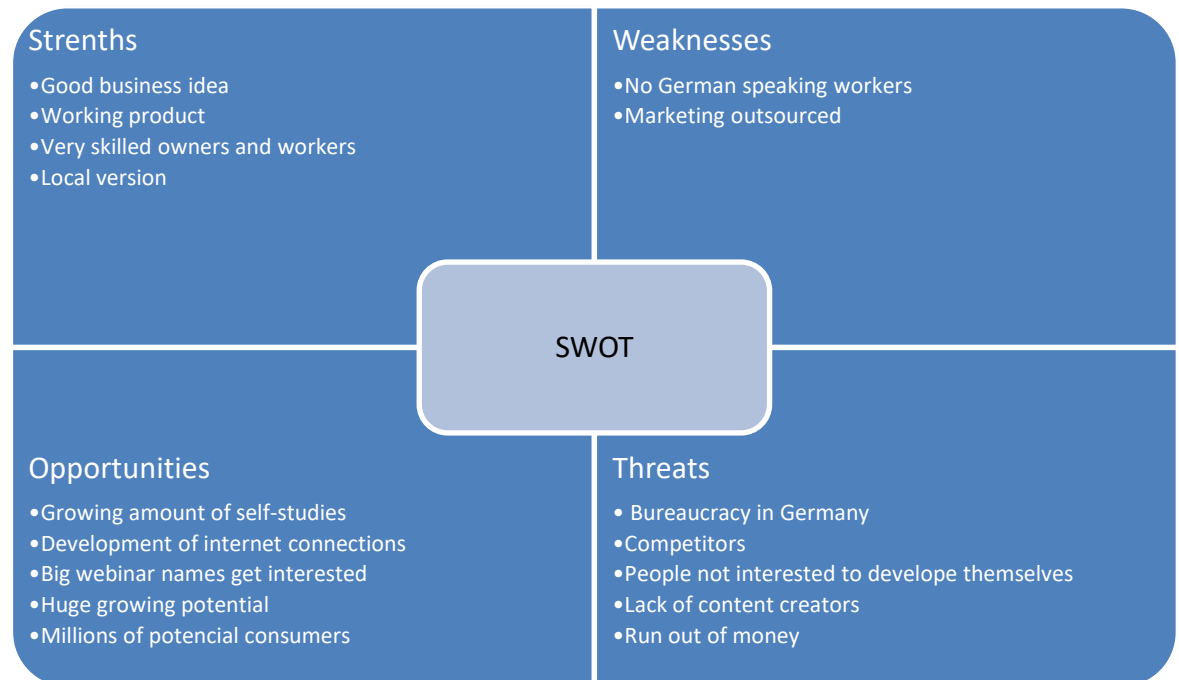
WebinarStars Ltd should improve and grow their English platform in Finland, United Kingdom and Germany. After getting positive cashflow, some of the money should be invested to make a local version for German market. In this version there should be possibility for adding subtitles, creating certificates and use payments with various German methods. For providing the payment methods and certificates, it is recommended that WebinarStars Ltd. seeks local partners in Germany. Marketing entry strategy could be open web partnerships where company would get visibility from German companies who are already in market and who have already followers in social media etc.

This is long-term plan because it takes time and money to create local version for German people. However, as Germany is the biggest economy in the Europe, return of investment should pay itself back in a year after successful market entry.

For launching this service successfully to German market, it is recommended to find local partner also to create the advertisements. This way it is easier to avoid difficulties arising from cultural differences or bad translations to German language.

After creating the local version, the target groups can be created by interests in social media, example business, programming, health, entrepreneurship etc.

WebinarStars Ltd. was analyzed by using SWOT-analyze (picture 10).



Picture 12. SWOT-analyze for long term plan in Germany

6 CONCLUSIONS

Goal of this thesis was to give guidance for Finnish company WebinarStars Ltd. how to do successful market entry with their online learning service to Germany and what kind of marketing strategy they should follow.

There is plenty of researches and literature of market entries and marketing but most of them are very theoretical and for that reason not very useful for new company which is considering entering a new market.

In this thesis the theoretical framework is giving general idea of market entry, marketing, service marketing and cultural aspects. These theories were used to analyze Germany as a target market and to create supporting questions for the empirical part of this thesis.

In empirical part qualitative research and theme interviews were used to gain more knowledge about specific and concrete factors that could work for or against the market entry plans of WebinarStars Ltd.

Research findings showed that there were multiple issues that are affecting to the market entry plans. Without this study the company could potentially have lost plenty of money and their reputation in Germany.

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APPENDICES

APPENDIX 1. Supporting questions for student interview

APPENDIX 2. Supporting questions for staff interviews

APPENDIX 1. Supporting questions for student interview

1. Are you using materials outside of school to improve your knowledge and skills?
2. What skills or knowledge you would like to learn more?
3. Do you plan to keep learning after you graduate?
4. How do you find video as form of learning material?
5. What length for the video you would prefer?
6. How important is the language of the video? Germany, English, other languages with subtitles
7. How much you would be willing to pay for video that would teach you something useful?
8. Does it affect if the person teaching is known in his/her field?
9. Would you recommend good video to your contacts?
10. What payment method you would prefer online?
11. What device you would prefer for watching the videos?
12. Where and how this kind of service should be marketed that you would get interested?

APPENDIX 2. Supporting questions for staff interviews

1. Are you improving your knowledge and skills actively?
2. What skills or knowledge you would like to learn more?
3. How do you find video as form of learning material?
4. What length for the video you would prefer?
5. How important is the language of the video? Germany, English, other languages with subtitles
6. How much you would be willing to pay for video that would teach you something useful?
7. Does it affect if the person teaching is known in his/her field?
8. Would you recommend good video to your contacts?
9. What payment method you would prefer online?
10. What device you would prefer for watching the videos?
11. Where and how this kind of service should be marketed that you would get interested?
12. How do you see this kind of services as part of university teaching?