

**INTERNATIONALIZATION OF AN INDUSTRY:
EXPORTABILITY AND INTERNATIONAL DEVELOPMENT OF
EQUINE INDUSTRY ENTERPRISES**

Case study with the consulting company GHI-German Horse Industry Consulting GmbH
and its member network



Bachelor's thesis

Double Degree International Business

HAMK-Häme University of applied sciences, Valkeakoski (FIN) and
Hochschule Niederrhein-University of applied sciences, Mönchengladbach (GER)

Spring term, 2021

Ida Snellen

Double Degree International Business

HAMK-Häme University of applied sciences, Valkeakoski, Finland

Hochschule Niederrhein-University of applied sciences, Mönchengladbach, Germany

Author	Ida Snellen	Year 2021
Subject	Internationalization of an industry: Exportability and International Development of equine industry enterprises - Case study with the consulting company GHI-German Horse Industry Consulting GmbH and its member network	
Supervisors	Victor De Bruin, M. Sc. Martin Wenke, Pr. Dr.	

Internationalization - a term that not only demands a substantial planning, time and costs in enterprises; external consulting assistance and the application of strategies are often essential. Growing globalization and more competition causes almost all economic sectors to internationalize in the short or long term.

This thesis deals comprehensively with one specific industry: the equine industry. Always an economically important factor, the equine industry has developed significantly in its main function in recent decades, hence growing constantly. This thesis has aimed the mission to develop strategies to provide constructive recommendations for a more successful internationalization. In close cooperation with the business and consulting network GHI - German Horse Industry Consulting GmbH, solutions for better exportability and international development were sought. For this purpose, the overall economic relevance of the industry was determined. Quantitative and qualitative research methods in this thesis and interviews with experts were conducted in order to formulate strategy concepts. The second part of the thesis comprises export strategies, with a focus on the successful handling of trade barriers. Due to their complexity, two Extra-European examples were consulted specifically for the American and Russian markets. Research results serve as an extended information base for GHI members and other companies and can be actively implemented with several support programs. Regarding international development strategies, a pillar model, consisting of a communication, international network cooperation and co-financing construct, was additionally created by the author, which is conceptually intended to guide GHI to further international expansion of itself and its members.

Keywords Internationalization, Exportability, Equine industry, International-Development strategies

Pages 61 pages including appendices 19 pages

CONTENTS

1 Introduction	1
1.1 Background, relevance and scope of the topic.....	1
1.2 Research question and research objectives.....	1
1.3 Research methods.....	2
2 Definition and Clarification of the equine industry and Internationalization	4
2.1 Macroeconomic view of the equine industry in Europe.....	4
2.1.1 The economic impact of the equine industry – Input-Output analysis ..	6
2.2 Intentions for Internationalization.....	9
2.2.1 New market entrants’	11
2.2.2 Internationally developed companies.....	12
2.3 Criteria and success factors for Internationalization	14
3 GHI – German Horse Industry Consulting GmbH	15
3.1 GHI network and cooperation.....	18
3.1.1 Member selection	19
3.1.2 Distinction from the industry exclusivity – GHI Friends.....	21
3.1.3 GHI internal – Research tool for data bases and market analysis	22
3.2 Impact of quality seals on customers.....	23
3.2.1 GHI quality brand seal: synergetic tool for the company network.....	25
3.2.2 International perception of the GHI quality brand seal	26
4 Export strategies: Managing trade barriers successfully	27
4.1 Non-tariff barriers: Quotas, customs duties and other restrictions	29
4.1.1 Extra-European Example: United States of America.....	32
4.1.2 Extra-European Example: Russia	37
4.2 Recommendations for action: Conquering trade barriers.....	41
5 International Development strategies: Implementation within the GHI network 44	
5.1 Communication	45
5.1.1 Technical improvement proposal: B2B communication channels – GHI internal.....	46
5.1.2 Interpersonal improvement proposal: Cross-cultural workshops	48
5.2 Network cooperation	50
5.2.1 FGHS - Netherlands	51
5.2.2 Pôle Hippolia - France.....	54
5.3 Co-Financing.....	55
5.3.1 Funding programs of the German Federal Government, German States and the European Union.....	57
6 Conclusion	59
References.....	62

Tables

Table 1 Results from the Swedish national input-output analysis, p.8

Figures

- Figure 1 Author's visualization of the stage model based on Meissner's and Gerber's theory, p.12
- Figure 2 GHI Friends Logo, p.21
- Figure 3 GHI Quality brand seal, p.25
- Figure 4 Welfare Gains from Further Multilateral Trade Liberalisation with Respect to Tariffs – Welfare gains in trade liberalisation scenarios, p.28
- Figure 5 FDA: Process of the Accredited Third-Party Certification Program, p.36
- Figure 6 Author's visualization of self-created three-pillar model for GHI Members and other equine industry enterprises, p.44
- Figure 7 FGHS Website Logo, p.52
- Figure 8 Pôle Hippolia Logo, p.54

Appendices

- Appendix 1 Videocall-Interview with CEO Ina Gläßer, GHI-German Horse Industry Consulting GmbH Germany, January 27th, 2021, p.70-81
- Appendix 2 GHI Logo & GHI Friends Logo, p.82
- Appendix 3 GHI Consulting Analysis – Germany, p.83
- Appendix 4 Overview GHI Databases, p.84
- Appendix 5 Services and Membership of German Horse Industry Consulting GmbH, p.85-87
- Appendix 6 Email-Interview with Mrs. Iris Jansen-Jentgens, German-based, international operating entrepreneur in the equine industry, Wednesday, April 14th, 2021, 19:00, p.88

Abbreviations

AGOA	African Growth and Opportunity Act
B2B	Business to Business
B2C	Business to Customer
CBP	Customs and Border Protection
CGMP	Current Good Manufacturing Practice
COO	Country of Origin
CSI	Container Security Initiative
CU	Customs Union
EAEU	Eurasian Economic Union
EDI	Electronic data interchange
EEC	Eurasian Economic Commission
e.g.	exempli gratia (Latin, meaning: "for example")
EU	European Union
EurAsCE	Eurasian Economic Community
etc.	et cetera (meaning: "and" or "the rest")
FDA	Food and Drug Administration
FN	Fédération Equestre Nationale (German holding organization: German Equestrian Federation)
FSMA	Food Safety Modernization Act
GATT	General Agreement on Tariffs and Trade
GDP	Gross Domestic Product
GHI	German Horse Industry Consulting GmbH
GSP	Generalized System of Preferences
HS	Harmonized Commodity Description and Coding System
HTSUS	Harmonized Tariff Schedule of the United States
i.e.	id est (Latin, meaning: "this means")
IfM	Institut für Mittelstandsforschung (Institute for SME research)
IHK	Industrie- und Handelskammer (Chamber of Commerce and Industry)
IO	In-and Output analysis

ISB	Investitions- und Strukturbank Rheinland-Pfalz
ISO	Internationalization of Standardization
ITC	International Trade Center
LCV	Light Commercial Vehicles
MAD	Market Access Database
NTS	Normal Trade Relation Status
NTM	Non-Tariff Measures
OECD	Organization for Economic Co-operation and Development
ROSA	Rules of Origin Self-Assessment
SME	Small and Medium-sized Enterprises
TBR	Trade Barriers Regulations
TBT	Technical Barriers to Trade
TRIM	Trade Related Investment Measures
UNCTAD	United Nations Conference on Trade and Development
US	United States
USC	United States Code
USITC	U.S. International Trade Commission
VQIP	Voluntary Qualified Importer Program
WCO	World Customs Organization
WTO	World Trade Organization

1 Introduction

1.1 Background, relevance and scope of the topic

Internationalization processes affect almost all economic industries due to the growing globalization. The corresponding attention needs to be paid also to niche industries such as the equine industry. This industry, often inaccurately grouped under the agricultural sector, is to be observed separately due to its broad positioning in many areas. Through its diversity not only horse-related areas, such as horse transport, feeding, stable facilities, horse therapy, medicine and breeding, but also including equestrians, numerous divisions can be identified.

Representing the enterprises of this industry, the commissioning company GHI - German Horse Industry Consulting GmbH has been chosen for this thesis and provides a comprehensive research basis through qualitative insights into the network, consisting of market leaders of the equine industry enterprises.

Consequently, the thesis will not go into detail about the individual member companies of GHI, as GHI itself will be approached as an exponent for this industry, as it has a broad-based corporate perspective of equine branches.

Furthermore, specifically relevant topics to improve exportability for this industry will be addressed. In the scope of this work, these are limited to the successful handling of trade barriers, and in more detail following the Extra-European examples of America and Russia. Strategic concepts will be presented based on the research, which will serve as recommendations for action for GHI and its members. A corresponding implementation and success control would need to be carried out by the network itself in a given time frame.

1.2 Research question and research objectives

This work primarily deals with the internationalization of the equine industry. This includes more precisely the German small and medium-sized enterprises of GHI - German Horse Industry Consulting GmbH, and their network as such.

The research question of this work obtains:

- How can companies of the GHI and the equine industry in general, develop better export capabilities and expand their international development?

Further research questions for this thesis include:

- How can international, especially Extra-European trade barriers in America and Russia successfully be managed?
- With which tools can GHI technically improve its internal communication, as well as assist its member companies in cross-cultural negotiations?
- To what extent can GHI as a network further develop itself internationally and which cooperation partners would be suitable for this purpose?
- What financial support can GHI members obtain for internationalization processes?

The objective for this thesis is to provide companies in the horse industry, especially the selected members of the GHI, with helpful recommendations for action in their export capabilities as well as international development. An essential knowledge base for the managing of trade barriers, as well as opportunities to direct more attention to these barriers, functions here as an export strategy. For the international development of the horse industry, constructive solutions should be identified, which can be applied particularly by the GHI.

1.3 Research methods

In order to answer the research question of this thesis, scientific literature was utilized as a basis and both qualitative and quantitative research methods were applied within the scope of this thesis. For this purpose, the databases of Hochschule Niederrhein University of Applied Sciences as well as HAMK - Häme University of Applied Sciences have been accessed, as well as the scientific research via Google Scholar.

Fundamental literature contained reports, statistics, journals, textbooks and also scientific websites. The latter more related to political websites of the European Union and the representative, commissioning company GHI - German Horse Industry Consulting GmbH.

An extended research foundation were professional interviews with the managing director of GHI - German Horse Industry Consulting GmbH, Ina Gläßer, as well as Iris Jansen-Jentgens, international entrepreneur in the equine industry. The expert interviews provided a primary basis of information and were conducted digitally due to the prevailing COVID-19 pandemic.

The terms "Internationalization", "Exportability", "Equine industry", "International-Development strategies" functioned as keywords for this thesis.

2 Definition and clarification of the equine industry and Internationalization

Globalization and the associated pressure, not only on major cooperation and enterprises but also on small- and medium-sized companies has led to an urgent call for action when it comes to internationalizing. Macroeconomic conditions change constantly and the indispensable adaptation to ever-changing market conditions require detailed analysis and strategies to conquer in the international business.

Many definitions and explanations can be found for internationalization, but they all have one thing in common: internationalization encompasses all processes of the international activity of companies, from the initial commitment to export to geographically close countries to the increasing resource binding abroad and the associated higher degree of internationalization, which is reflected, for example, as foreign branches or international subsidiaries (IHK, 2010).

Basically, all branches and industries are affected by Internationalization and deal with the adjustment differently. Some industries develop faster than others but in the long term the majority of SME's have to face international challenges (Geyer & Uriep, 2012). So must the equine industry. For a more detailed presentation of this industry and its current position in the German economy and within whole Europe, the following subchapters will now explain the equine industry in total and its macroeconomic status.

2.1 Macroeconomic view of the equine industry in Europe

“‘EQUINE’ meaning of, relating to or affecting horses; and ‘INDUSTRY’ meaning an activity in which a great deal of time or effort is expended Pearsall (1998)” (Eastwood, Jensen, & Jordon, 2006, p. 7).

Where the horse once was an indispensable economic factor in our common history of agriculture, industry and transport for instance, it is still today an important component to economies worldwide. Whereas today's equine industry has changed towards leisure, entertainment and service sector and can be divided and subdivided into highly

differentiated factors, no matter of their geographical or socio-cultural background (Eastwood, Jensen, & Jordon, 2006).

The equine industry is ever growing since the last decades, this is evident in increasing horse numbers and ridership. In many European countries the sector is gendering with over 70% females in horse sports. Also, the increasing globalization leads to trends of urbanization and human beings seek for recreation and rebalancing in the nature – which can be found in the attractive options of horse sports (Evans, 2015).

Although both organizations ‚Eurogroup for Animals‘ and ‚World Horse Welfare‘ conducted a study to survey the horse population in Europe, it became clear that this metric in spite of the EU regulation 504/2008/EC (since 1st of July 2009), which requires a mandatory marking and identification of all Equidae (e.g. horses, ponies, donkeys, mules, and zebras) throughout Europe, did not yield the accuracy that was hoped for, as many European countries did not transfer numerical values and some measurements were inaccurate (News: ProPferd.at, 2015).

Which was why the total number of horses within Europe was partly based on estimations and mean values. The EU counts up to 6,99 million horses (at the time of counting the UK was still included), generates about EUR 100 billion revenue and employs around 896.000 people (News: ProPferd.at, 2015). According to data from the FN- German Equestrian Federation, Germany alone already generates a total revenue of EUR 5 billion a year and about 300.000 people live from horse sports (see Appendix 3 - GHI Consulting Analysis - Germany, p.83). Germany, France and Great Britain make up the largest population of horses, Sweden follows with the highest number of horses per capita, and per 1.000 ha land the highest number of horses can be found in Belgium and the Netherlands (Liljenstolpe, Ph.D. C., 2009).

As already shown in numbers the equine industry plays a big role in the overall European economy. Horses can also be understood as a source of income in various ways: businesses distributing horse feed, riding equipment, horse trailers or in the sector of leisure- or professional equestrian sport as well as veterinary and medical- or healthcare services.

Clear differences in the figures occur between the European countries, based on correlations such as increase in horse population associated with higher disposable

income expenditures or the educational level of a country. This assumption has been conducted in the study by Ph.D. Carolina Liljenstolpe from the Swedish University of Agriculture and Sciences, Uppsala. The results were based on a correlation analysis and showed positive correlations of 0.48 between mean consumption and horses per capita and 0.28 between educational level and horses per capita, respectively. The correlation to the educational level and unemployment rate proved to be linearly, the mean consumption quadratically in terms of parameters. In economically weaker countries, the unemployment rate could be indicated to be a more significant factor in horses per capita, as the low values in mean consumption also showed lower number of horses (Liljenstolpe, Ph.D. C., 2009).

According to the parameters and facts mentioned above, the horse industry is a very active and ever-changing economic sector - not only for Germany but also for Europe. As an active sector, it is therefore essential to expand the horse industry in its size and to constantly improve its quality.

2.1.1 The economic impact of the equine industry – Input-Output analysis

Due to the potential growth and propensity to diversify in the future, it is necessary to determine the importance of the equine industry compared to the overall economy.

To measure the economic impact of horses the Input-Output analysis can be utilized as an analytical tool to compare different sectors and their economic impact on each other. The IO describes the idea of a given good or service provided (by the equine industry e.g.) and the associated demand for goods and services from other sectors or industries that come along with it (Liljenstolpe, Ph.D. C., 2009).

Leontief's Input-Output model (1966) analyses the economic interactions between suppliers and consumers, as well as industries and sectors. Therefore, coefficients serve as average values and characterize the quantities of inputs within a certain production of an industry. Derivatively multipliers can then reflect direct, indirect or induced impact this certain sector or industry has on the overall economy, e.g., indicate positive or negative structural changes. Consequently, multipliers demonstrate the growth of a sector (and the overall economy) when the final demand of a specific sector increases (Lindberg, Spissøy, & Surry, 2015).

A distinction is made between output multipliers, which measure the output in the economy, that is needed to provide one unit (e.g., EUR 1 million) of a *certain product/service to final demand* and employment multipliers, which measure the *total employment within the whole economy* provided by one unit (e.g. EUR 1 million) of that commodity to final demand. The latter is rather interesting for the equine industry, as it yields the labor intensity and enables the comparison of different sectors (Luptáčík, Mahlberg, Koller, & Schneider, 2008).

The IO can be understood as an accountable table or matrix to visualize those mentioned interactions between sectors, households and organization. The subdivision into sectors can be construed in various ways and depths. The IO records the different financial interactions of sectors and their consumption of goods and services, including final consumption expenditures and exports. It relies therefore on Leontief's production function of fixed proportions and is subject to a fixed-price equilibrium (Lindberg, Spissøy, & Surry, 2015).

The simple model lacks in terms of considering joint productions, assuming one sector only produces one good. As well as the constant return to scale (all inputs are proportional to their outputs) and the immediate satisfaction of the market (any extra inputs demanded will be instantly supplied). "The equation

$$\Delta X = (I - A)^{-1} \Delta Y \quad (1)$$

shows how a change in final demand (ΔY) affects total output (ΔX) through backward linkages in the economy in the form of multipliers $(I - A)^{-1}$ " (Lindberg, Spissøy, & Surry, 2015, p. 35).

The simple model treats final demand (Y) as an exogenous factor, even though it is composed of exports, households, governments, private investors and so forth. The earned income, in form of wages e.g., from households, which is in return spend in other production sectors, is not considered separately in this model. A differentiation is therefore made in form of an extra column that considers household income and consumption behaviour separately. This column is then called *closing* indicating the

employment impact of this sector. Otherwise without the consideration the multiplier is called *open* (Lindberg, Spissøy, & Surry , 2015).

Often the equine industry is treated under the category of agriculture in IO models. However, this provides insufficient information on the actual impact horses have on the overall economy. Several studies found that a closer look at the equine industry in an IO model yielded more revealing information indicating that the equine industry, standing alone, contributes a significant amount to the overall economy (Lindberg, Spissøy, & Surry , 2015).

This is evident in the comparably high values of multipliers found in a study about Swedish and Norwegian national multipliers.

Sector	National Swedish multipliers		
	Open model	Closed model	Emp./mill. SEK ¹ closed model
Trainers	1.74	2.61	2.02
Boarding enterprises	1.47	2.86	2.12
Breeders	2.00	2.90	2.74
Riding schools	2.15	3.19	2.91
Milk	1.92	2.78	2.72
Cattle/deer	1.91	2.85	3.03
Pigs	1.95	2.57	1.80
Poultry/eggs	2.24	2.92	1.93
Sheep	1.86	3.11	NA ²
Cereals	1.76	2.77	3.30
Forage	1.80	2.28	1.31
Other crops (potato/sugar)	1.81	2.44	1.89
Agricultural services	1.80	2.89	3.62
Food products, beverages and tobacco products	1.90	2.52	1.46
Textiles, wearing apparel and leather products	1.68	2.39	1.63
Paper and paper products	1.87	2.42	1.10
Electrical equipment	1.70	2.33	1.23
Constructions and construction works	1.72	2.57	1.78
Sporting services and amusement and recreation services	1.70	2.52	2.36

¹ Emp./mill. SEK = employment numbers/million Swedish Kronor (SEK). In 2012 1 SEK = 0.1149 Euros

² NA: not available.

Table 1. Results from the Swedish national input-output analysis (Lindberg, Spissøy, & Surry , 2015, p. 40).

According to the results presented in the table, it is interesting to notify that the highest multipliers are found in riding schools and breeders. With multipliers of 2.00 and 2.15

open and 2.90 and 3.19 closed they even yielded more than the agriculture sector with 1.80 open and closed 2.89, respectively. These high numbers can be explained by the fact that presumably many breeders and riding schools are voluntary or more likely hobby activities, which do not make any revenue or profits, as all their income flows directly back into the supply chains as inputs (Lindberg, Spissøy, & Surry, 2015).

The multipliers can be interpreted as response to increasing units in demands and the resulting impact on the overall economy.

Also, in the comparison to the sector of constructions and construction works, as well as to the sector of sporting services, amusement and recreation services, the equine sector achieved with an average of 1,84 open and 2,89 closed, higher values than the mentioned, compared major sectors.

The relevancy of the equine sector can also be seen in the high employment impact on the entire economy in form of employment numbers/million Swedish Kronor (SEK), right column in the table above, marking the labor-intensive activities, that in return benefit the economy.

2.2 Intentions for Internationalization

Driven by globalization and constantly changing conditions, companies today are forced to adapt and react to intertwined capital-, goods- and services markets in order to remain competitive. New technologies and the simplification of transport-, communication- and production processes on the international market have led to a concentration on niche markets. Also, the increase of the service sector and the maintenance contracts in connection with internationally purchased goods, promote the ties and branches of companies abroad (Geyer & Uriep, 2012).

Saturated supply-demand situations in domestic countries often induce companies to take the international step, this is also encouraged by easier foreign market entry opportunities. Lee describes this in his economic-motivated theory (A Theory of Migration, 1966) as *pull-factors*. These factors are understood as incentives to gain competitive advantages abroad. In addition, more cost-attractive competitors from abroad intensify the pressure on domestic markets and the own supplier position can be conquered quickly. This adjustment pressure is also called *push-factor*. Enterprises

are being 'pushed' out of their domestic market and are forced to internationalize (Lee, 1966).

Geyer and Uriep's analysis revealed three basic motives for internationalization: Market development, securing and access of resources and cost reduction (Strategien der Internationalisierung von KMU, 2012).

- *Market development*

Stagnating domestic markets and better profit prospects characterize for new market developments. But also new sales opportunities, growth potentials and new distribution channels can be part of occupying a new market (Geyer & Uriep, 2012).

- *Securing and access of resources*

Changes of time always bring new trends and technologies. A competitive edge in research and development can be decisive. Often, these new technologies and innovations can only be implemented abroad or skilled workers are scarce in the domestic market (Geyer & Uriep, 2012).

- *Cost reduction*

To reduce costs, push factors are often rising unit labour costs and ancillary costs, as well as high domestic production costs. But pull factors such as better expected returns on direct investment can also be a reason. These are often given by the uniqueness of the own product abroad, whereas the product may be abundantly represented in the domestic market (Backes-Gellner & Huhn, 2000).

A pure domestic market orientation is accordingly no longer sufficient, and companies must therefore consider internationalization strategies and new market entry options. The division in new market entrants and already international-active enterprises require a differentiated consideration.

2.2.1 New market entrants'

Once the potential for success and the motives for internationalization have been identified, the first step is to examine the own position in the market and ask the following questions, also recurring throughout the entire process of internationalization: "Where is my company and in what business environment? Where do I want to be, considering my own potentials and skills? How do I get there, and which options do I have to be able to realize my goals?" (IHK, 2010, p. 4).

This first step of reflection is the base for a strategic - and at the end successful internationalization process (Geyer & Uriep, 2012). The next step would be to investigate systematically the market in order to create a sufficient information base. At the macro level, the economic, political and legal aspects of a country are analyzed and at the micro level, in the form of industry structure analysis, supply and delivery services, competitors and potential customers, adapted to the company (Cutura & Kraus, 2005).

As Michael E. Porter already described in his theory of competitive position analysis (1979), it is important to take a closer look at the national environment of a country: "(1) Local location conditions, such as good infrastructure, (2) the intensity of domestic consumer demand, (3) the conditions of competition with national competitors, (4) and whether there is a reliable and experienced supplier industry in the country" (IHK, 2010, p. 6). Meissner and Gerber (1980) also explained in their 'genetic model' the stages of internationalization depending on the degree of foreign resource commitment (Schulte, 2002), as illustrated in Figure 1. The levels are staggered according to their international level and companies usually follow the stage model in terms of process in their sequence.

Initially, the first major international contact is the import followed by indirect export, where exports are made through domestic intermediaries, but the export is not explicitly recorded on the company's balance sheet (IHK, 2010).

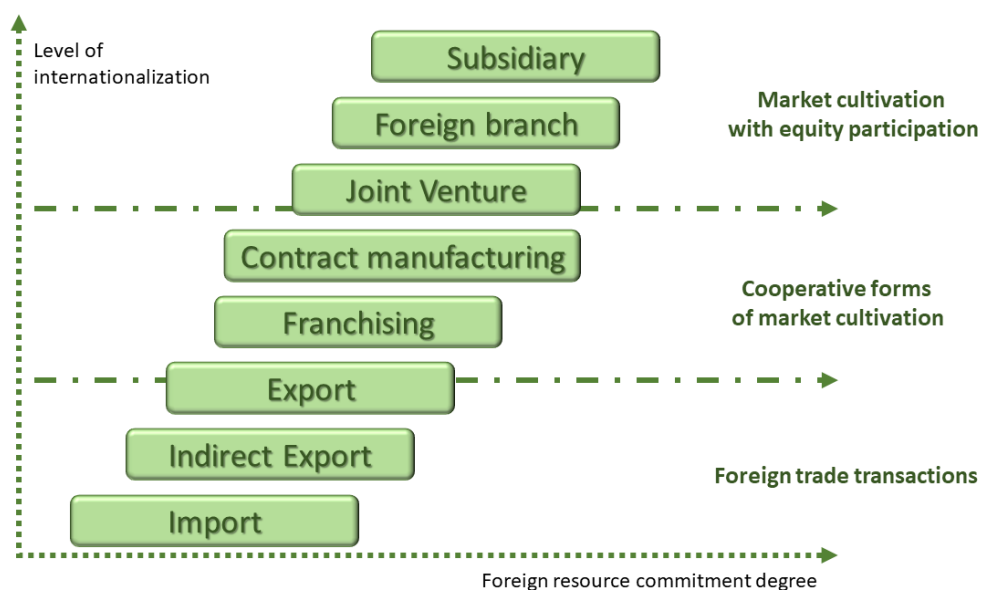


Figure 1. Author's visualization of the stage model based on Meissner's and Gerber's theory (1980) & IHK Bochum (2010).

The last step of the basic foreign trade transactions is the Export, where goods are directly distributed in the foreign market. Those mentioned forms of internationalization can be summarized by defining them as new market entrants or international beginners, since the use of financial and human resources and the risk of capital loss are limited to few.

2.2.2 Internationally developed companies

Some companies, and especially SME's, remain at the level of foreign trade transactions, but bigger enterprises and organization often develop their international performance further.

It so happens, that exports are often followed by the stage of international cooperation. Disadvantages of export, such as customs duties, taxes, transport costs, risks in the exchange rate or others, can be bypassed in international cooperation and know-how advantages and new access to resources are created (Geyer & Uriep, 2012). But also Franchising, in which the franchisee is responsible for the production of the good

produced abroad and is responsible for its pre-production or refinement, but also overall production processes, is an option for a cooperative market cultivation. Highly international developed companies sometimes also rely on Joint Ventures. It is contractually agreed that management and all risks are shared with the partner on a permanent basis. Profitable are the Joint Ventures in terms of foreign resource sharing, but they also have a high tendency to instability and are susceptible to risk (IHK, 2010). Despite the highly staff- and cost intensive form with equity participation, subsidiaries abroad are the best solution for long-term international active companies. This promises an increase in market power and entails factor cost advantages, but there is also the risk of economic and political fluctuations abroad to which adaption is required (Backes-Gellner & Huhn, 2000).

Furthermore, international active companies are characterized not only by higher productivity and innovativeness but also by higher investment- and employment rates (Geyer & Uriep, 2012). 65% of the, in foreign markets active, companies planned to invest in 2019, and even 40% of economically weak companies planned international investments due to cost saving strategies (DIHK, 2019).

The Chamber of Industry and Commerce Bochum, Germany (2010), evaluated the expressed satisfaction in companies with regard to overall business activity, growth, capacity utilization and profit. With an average of 3.92 points (on a scale of 1=not at all satisfied and 6=highly satisfied), companies with foreign activities, such as export, were clearly ahead of companies without foreign activities.

The companies were also asked about their sales development and there was a clear tendency that companies without foreign activities tended to be in the low to negative sales development range, whereas more companies that are active abroad can report sales growth above the 10% mark. Both, the subjective assessment of the economic situation and the objective analysis of key sales figures show, that companies with an international presence are not only more satisfied, but also tend to be more successful (IHK, 2010).

2.3 Criteria and success factors for Internationalization

The main criteria for a successful internationalization are a carefully planned strategy based on a detailed market-product analysis, including internal aspects such as product analysis, domestic market situation knowledge, evaluation of the company's own organization and management processes, and external aspects such as international knowledge of foreign markets and the associated requirements, as well as options for product adaptation. High acceptance in the foreign market and control over foreign management are often the top priorities for companies (IHK, 2010).

However, key factors are always the availability of sufficient financial resources and appropriate human capital. Success factors are therefore closely linked to the criteria and can be divided into quantitative and qualitative factors (Kruse, 2009).

The quantitative factors include, above all, a sufficient level of equity capital in order to have a higher risk-bearing capacity. The lack of financial resources is therefore often a barrier to internationalization and the KfW survey found an average equity ratio of 26% for foreign-active companies and in contrast only 21% for non-foreign-active companies. In addition to productivity and innovation, equity capital is therefore also a positive influence for internationalization processes (KfW Bankengruppe, 2008).

Besides quantitative factors, qualitative factors also contribute to corporate success in internationalization. As the word itself suggests, quality is one of the most important factors for success. In relation to the German market, the 'Made in Germany' labelling is always associated with high quality abroad. A good market knowledge, as well as innovation capacities and technical Know-How assigns to success internationally likewise (IHK, 2010).

In terms of human capital, a high degree of flexibility and an organized management structure that acts with the necessary internationalization drives are of particular importance (Geyer & Uriep, 2012). Qualified staff equipped with good language skills and intercultural abilities is essential. But also, the willingness of employees to take on a possibly longer-term task abroad can be of immense advantage. SME's in particular

usually do not have a specific internationalization team and are therefore especially dependent on individual qualified and motivated employees. But they also profit from serving international niche markets, due to their high degree of specialization (IHK, 2010).

When the aforementioned resource base of human capital and financial resources are not existent or are inadequate, deficiencies and miscalculations quickly occur and result in imprudent, rash actions that entail great risks and financial losses.

For some companies, their initial contacts are unsolicited orders, which means that it was not self-initiated (IHK, 2010).

In order to acquire professional external know-how while conserving resources and focus on core competencies, it makes particular sense to take up consulting offers and strategic partnerships in the internationalization process. Since the internationalization process is a long-term and complex process that should only be taken up strategically and with careful planning and analysis of the markets (Geyer & Uriep, 2012).

In the following, such a consulting offer, which also involves a strategic partnership, is presented and their strategies and corporate philosophy are explained in more detail.

3 GHI – German Horse Industry Consulting GmbH

In order to give an appropriate expression to the core of this work, it is first necessary to introduce the involved company under detailed analysis.

GHI – German Horse Industry Consulting GmbH is a network association of equine industry companies within Germany. CEO Ina Gläßer founded GHI in 2007 and the company is headquartered in Thedinghausen, Germany. The idea behind GHI was basically to create an organized structure in order to achieve a higher market penetration as a united network of companies and, above all, to open up new markets. The focus here was also on Extra-European markets like Russia e.g., but also the United Emirates, Central Asia or the USA, in which market entries have so far tended to take

place without an orderly approach. For new, foreign market entrants the neighboring European countries were the first step to focus on (Gläßer, Interview GHI, 2021).

In order to circumvent investment, personnel resource and trade fair cost losses, a unit should be created so that companies do not have to manage the internationalization process alone.

The cost-reducing aspect of such network collaborations can also be identified as an advantage in many theoretical approaches. Networks of this type not only enable each other in performing tasks and achieving goals but also enrich communication flows and create a platform of exchange of resources, expertise and experiences (Worley, 2013).

GHI's vision is a shared network with values of equality and exclusion of competition within the network. All members are treated equally and have the same rights. This value understanding does not even deviate when it comes to the two shareholders Böckmann Fahrzeuge GmbH and Röwer & Rüb GmbH (Gläßer, Interview GHI, 2021).

The organizational structure of GHI is a limited liability company, so that the decision of new memberships is the determined responsibility of the management and the members. Also, a limited liability company was established specifically because sometimes competition must be allowed in certain forms of associations and clubs, e.g., and this should remain prevented under all circumstances due to the valued equality of all member companies (Gläßer, Email: Vereins-und Verbandsrecht, 2021).

The number of members fluctuate from time to time, but a basis of about 10 members always remained stable. Currently GHI consists of 13 member companies, all industry leaders in their specific fields. All together they generate an overall turnover of about EUR 300-400 million a year (Gläßer, Interview GHI, 2021).

Regarding GHI, as a company itself, the turnover fluctuates between EUR 200,000 and EUR 250,000 per year. Revenue is generated through membership fees, but also general consulting services like research services, e.g., special competition monitoring or marketing measures for individual members, are carried out for an expense allowance in accordance with the price list for services, as well as services e.g. trade fair organizations, external communication with foreign media or social media activities,

contribute to GHI revenue streams (see Appendix 5 – Services and Membership of GHI, p. 85-87).

Additional consulting marketing services are also offered, even though advertising agencies could theoretically take over this part, but GHI possesses a much higher background information and knowledge base about their member companies (Gläßer, Interview GHI, 2021).

The membership fee is a consistent amount per month and the amount depends on the respective turnover size of the companies. Smaller companies pay less membership fee than larger companies. The range varies from EUR 299 to EUR 499 per month.

Included in the membership is also a monthly service package, which every member receives. Each member is represented via Social Media activities on relevant GHI channels and has access to the GHI Blog, which is stocked with current and specific articles to inform not only the members, but also those interested in equestrian sports, on the GHI website. Additionally, there is also the usage of the GHI seal and the database access to GHI intern, reserved for members (Gläßer, Interview GHI, 2021).

Along with the aforementioned membership benefits, however, members also have access to a range of consulting services that can be taken advantage of, apart from the membership fee. The focus is based on the following key consulting areas: “Marketing and communication strategies, analysis of companies’ export capabilities in the horse industry sector, advice on how to open up new sales markets, elements of human resources consulting, project consulting and management” (GHI-German Horse Industry Consulting GmbH, 2021).

Furthermore, GHI supports customers in the selection and acquisition of international partners, either via the GHI network itself or by researching individually customized to the client. GHI always works closely with their clients, identifying the exact problems to then develop a solution approach together to ensure successful and reliable consulting (GHI-German Horse Industry Consulting GmbH, 2021).

3.1 GHI network and cooperation

With its members, the GHI network comprises the respective market leaders in Germany, specialized in their segments. Even if there are more broadly positioned companies in the market, the GHI companies are still considered industry leaders in their field. In the horse feed industry, GHI can name St. Hippolyt as a member, in the vehicle sector the company Böckmann as the largest manufacturer and in the area of stables and horse walker construction Röwer & Rüb, is to be mentioned.

But also, the niche markets are covered by market leaders with a high degree of specialization in their product segments, such as Summerwind, for exquisite solariums, riding hall mirrors and mobile irrigation systems, as well as Activo-Med, as manufacturer of therapy and training-supporting systems, contribute to the sophisticated company portfolio of the equestrian equipment (Gläßer, Interview GHI, 2021).

The GHI companies benefit not only from a bundled presence on the market, but above all from a common platform on which knowledge is shared and expanded. This can also be found in theoretical approaches, as Greve (2014) already identified in six key principles of network advantages, and his first advantage describes the linkages among partnerships of transferring information, cooperation, and power.

In order to ensure the exchange of knowledge and the maintenance of the network, GHI organizes a two-day workshop for their members once a year. Primary for GHI to give account of what has been done and accomplished for the members lately and secondly for the knowledge exchange. Cross-fertilization among members occurs autonomously when, for example, a horse stable construction company actively refers customers to other GHI companies and inquires whether other projects, such as solariums or feed crushers, may be in demand. Passing on and sharing customer bases is profitable for the entire network and competitive risks from external companies are thereby circumvented. This mutual support has evolved over the years and now operates independently (Gläßer, Interview GHI, 2021).

The principles of network advantages is thus given here by the exchange of information and the higher market penetration achieved as a result (Greve, Rowley, & Shipilov, 2014).

In terms of the annual workshop, GHI is always the official host, but the member companies rotate in hosting the event at their place. After a production site tour and insight view of the hosting member, there is always a workshop topic, which is discussed and debated in detail. Topics vary every year and can range from Social Media-, sales- or PR- topics to very profound matters like corporate communication issues and personnel topics (Gläßer, Interview GHI, 2021).

One of GHI's responsibilities is also to acquire new partners, distributors or sales agents in international markets. The GHI network again serves here also as a pool of companies from which tailored portfolio packages can be put together. For example, for partners of capital goods, GHI companies are put together, such as Böckmann as a horse trailer manufacturer, together with solarium manufacturers such as Summerwind. In the consumer goods sector, portfolio packages are put together that include feed manufacturers and horse bedding vendors (Gläßer, Interview GHI, 2021). International partners can rely therefore on a bundled portfolio package of German quality.

3.1.1 Member selection

In order to build up a network such as GHI and to ensure the continuous quality of selected members, it is of particular importance to refer to selection criteria in order to be able to accept suitable companies as part of the network.

Members can be private companies or trading companies and service providers with activities in the horse and equestrian market. But also, associations that consider equestrian sport and/or breeding as their core business (see Appendix 5 – Services and Membership of GHI, p. 85-87). As the name of the network already reveals, GHI relies on the German quality of its member companies. One criterion is therefore to have the headquarters and production facility located in Germany. That means at least 70% of the value chain should be in Germany. Another criterion is the product quality, as well as quality management. Mistakes made by one member can have effects on the entire network, a detailed examination is therefore unavoidable (Gläßer, Interview GHI, 2021).

Companies who aim to become GHI members also need to provide strong research and development capabilities, with well-established portfolios of experience, know-how and development skills. The connection between sales and production must be efficient and it is inspected if companies adhere to delivery schedules. The communication within the company and also external is also an important factor, with written and spoken English skills as a minimum requirement. For admission, the reliability in dealing with customers, meaning the whole aftersales- and customer services, including complaint-handling, as well as support, references and a good customer satisfaction rate, must be achieved (GHI-German Horse Industry Consulting GmbH, 2021) .

And even though, the members receive a lot of guidance and support, especially when entering in a foreign country, the base must be solid and the companies need the ability to export and be capable of managing the logistics, as it symbolizes the core business of GHI (Gläßer, Interview GHI, 2021).

The primary selection is done by the CEO, Ina Gläßer, through a Business Questionnaire and Audit. But a commercial register excerpt, a credit score check and the review of financial statements, like e.g. the last three balance sheets, are also part of the selection process. The companies sign a confidentiality agreement in advance to obtain the security that everything is handled with the appropriate confidentiality. In addition, Ina Gläßer also evaluates and assesses the production facilities and the headquarter, to gain an impression of the applying company and particularly to talk to the employees. The companies give permission in advance and also initiate the contact to their customers, so that the situation and the status of the company can also be inquired and checked. The time frame for how quickly an admission can be permitted is determined by the audit and the company visit. Before the final approval of the company, the network is also asked for permission. Even if the criterion of segment leader in their industry is given, which is an important component of admission, and usually means that the company is already well known, to CEO Ina Gläßer, as well as to the rest of GHI (Gläßer, Interview GHI, 2021).

An outright rejection of a company is then given, if the applying company is a direct competitor to an existing GHI member or GHI Friends member. Due to the branch

exclusiveness that GHI provides and protects in a strict concern, it is only possible for companies, as market leaders to become GHI member and that those are protected from competition within the network in total (Gläßer, Interview GHI, 2021).

3.1.2 Distinction from the industry exclusivity – GHI Friends

The GHI Friends program is a non-exclusive member network, apart from the exclusive GHI members. The branch-exclusivity is reserved for the GHI members only. GHI Friends were founded in 2012, due to a high demand of non-industry-exclusive applicants. For example, some architects applied who could not be guaranteed industry exclusivity due to their various business specializations. The GHI Friends were founded in order to be able to accept these applicants and to expand GHI by a larger network without endangering the exclusivity of their members. To stay differentiated, certain areas, such as architect branches, were identified non-exclusive.

The membership fee for GHI Friends corresponds to the smallest fee of full members, i.e. EUR 299. In order to allow GHI Friends to use a logo, but to maintain the distinction from GHI members, a separate logo was introduced, under which 'Network' is written, thus reflecting the affiliation to GHI in a certain way (Gläßer, Interview GHI, 2021).



Figure 2. GHI Friends Logo (see Appendix 2 - GHI Friends Logo, p. 82).

The inclusion of these companies in the member network, albeit in a separate form, is an enrichment for the network in general. Due to the non-exclusivity, the companies do not necessarily have to be headquartered in Germany. For example, a fence manufacturer such as Duralock, despite its specialization in the horse racing sector, is a suitable member for GHI Friends because the compelling product- and quality requirements are fulfilled (Gläßer, Interview GHI, 2021).

The operational advantages are on both sides: GHI benefits from a broader positioning of its own status in the market, also internationally, by expanding their company network, and GHI Friends benefit from network advantages, such as the access to new customer bases. Furthermore, synergy effects in the form of customer referrals can benefit both, members and GHI Friends, and customers ultimately receive the full service of a functioning corporate network with high quality standards.

The audit and admission criteria for GHI Friends are otherwise the same as for GHI members (Gläßer, Interview GHI, 2021).

3.1.3 GHI internal – Research tool for data bases and market analysis

GHI internal is an ever-growing, digital platform, that provides GHI members with useful background information like country analyses or market situations. It allows the observation regarding the developments of individual equestrian countries and serves as a decision support tool, about whether a market is worth entering or not. Data is also collected about the actual equestrian sport that takes place and which markets still have potentials (Gläßer, Interview GHI, 2021).

Members get access via the GHI homepage and can log in with their username and password into GHI internal. The databases are then available and arranged country- and industry specific. The collection provides e.g., all horse businesses in Germany, which total about 3,500 contacts, including full addresses, contact persons, email addresses and phone numbers. Other collection can include equestrian sport dealers, horse clinics and therapy centers, riding facility builder or riding surface suppliers, all sorted by countries from all over the world.

All members can benefit from the databases, even if contacts do not directly correspond to their product industry, but can lead to other customer bases, which in return can be profitable. This synergetic effect can also be beneficial for new product launches, for example, if they are only targeted at a specific customer group. An example can be given by the company Summerwind, which has developed a solarium especially for therapy centers and clinics and was able to make intensive use of the relevant database in advance for a detailed customer segment research (Gläßer, Interview GHI, 2021).

By monitoring the download within GHI internal, CEO, Ina Gläßer, can closely observe how much and to what extent the databases are used. But also, the constant exchange

with the members always brings positive feedback. All members use GHI internal, and all have the same access. In accordance with GHI's values of united equality, no member companies benefit more or less from the databases than others.

With one exception: GHI Friends do not have free access to GHI internal. Access to individual data can be utilized after purchased for an additional cost. The use of the database of all Equestrian federations, which includes 123 contacts, costs non-members EUR 0.30 per contact. For the database of all horse companies in Germany, comprising 3,437 contacts, the amount is EUR 0.70 per contact (see Appendix 4 - Overview GHI Databases, p. 84). Due to the high value of data security, all members are bound to secrecy towards third parties and contact information transfer to third parties is prohibited (see Appendix 5 – Services and Membership of GHI, p. 85-87).

The databases are constantly updated and extended by further areas and information. A technical implementation of a direct B2B communication option within the GHI internal does not yet exist (Gläßer, Interview GHI, 2021).

3.2 Impact of quality seals on customers

In order to justify the significance of the GHI quality seal accordingly, it is first necessary to explain the effects that quality seals have on customers and why they are frequently used as a marketing strategy nowadays.

The market is the center of supply and demand, consistently homogeneous products, buyers and sellers are always fully informed about all goods concerned. This is what traditional, neoclassical theory says in economics. In reality, however, things are different. Neither are all parties involved to the same extent, or fully informed about the products, the production and the country of origin. Nor are all goods homogeneous (Jahn, Schramm, & Spiller, 2005).

Due to the multitude of equivalent goods, the demand for quality has increased in order to be able to differentiate between several goods of a segment accordingly.

Different typologies are distinguished in the information economy. One is the search attribute, which indicates quality before the actual purchase. This attribute cannot always be recognized directly, like in the case of food freshness, for example, where it is often unambiguous (Jahn, Schramm, & Spiller, 2005). In other product segments, e.g., the products of the GHI member companies, quality cannot always be identified directly

before the purchase. Those are so called experience goods, where quality can only be ascertained after purchase and experiencing the product (Moussa & Touzani, 2008). Quality characters, such as the production process are often not directly apparent to the buyer at the time of purchase if no intensive research is done beforehand. This often requires a detailed audit and inspection by a third party.

The introduction of quality seals, for the direct identification of quality standards in a product or company, has therefore become a popular consumer policy tool for customers, as well as marketing tool for companies. (Jahn, Schramm, & Spiller, 2005). Usually, quality seals are certified by independent third parties via an external audit of the company, its products and production processes, to check and evaluate the quality standards to be complied with, before granting (Luning, Marcelis, & Jongen, 2002).

In the case of GHI, this third party is represented by Managing Director Ina Gläßer. As a third party, she independently checks the companies for quality standards before they are admitted to GHI – this is done with the intervention of an external audit. The use of the corresponding quality seal then is accompanied by the membership (Gläßer, Interview GHI, 2021). The certification for such a quality seal corresponds to a standardized process, as it is also stated in theory.

But the market of quality seals is broad and there are a lot of different certifications. A grouping and thus differentiation from other quality seals is therefore also the labelling of COO – country-of-origin. COO plays a significant role in the decision-making process of customers and stimulates the perception of products positively or negatively through country-of-origin labelling. Thus, products where COO is unknown or which originate from developing countries are more likely to be evaluated by customers with a certain distance because the social status and production quality are often unknown or are afflicted with negative associations (Hamzaoui & Merunka, 2006). The reason for this is that a nation's image always owns many facets. Products of a country therefore always reflect a piece of culture - economic development of a country, political, religious and social attributes included (Jaffe & Israel, 2006).

After World War I, German manufacturers were encouraged to label their products 'Made in Germany' to indicate where the products came from and to distinguish

themselves from other countries. A negative purchasing trend for German products was expected, which quickly proved to be the opposite. The label Made in Germany quickly became a sign of high quality and established itself as a seal, even after imitation of other European countries, for which it was difficult to achieve the quality associated with the Made in Germany labelling (Gabriele, 1984).

3.2.1 GHI quality brand seal: synergetic tool for the company network

The importance of quality seals and what effect they exert on customer buying behavior, in particular also on the labelling COO - Made in Germany, can be found in the GHI seal. The seal was introduced in 2009, based on the members' aspiration to differentiate themselves from competitors. After a democratic decision within the network, the GHI seal was developed and introduced (Gläßer, Interview GHI, 2021).



Figure 3. GHI Quality brand seal (see Appendix 2 – GHI Logo, p.82).

The GHI seal stands for tested quality and selection criteria of high standards. The implementation Made in Germany in the seal, follows the high product quality standards of COO - country of origin, as already explained previously. The positive perception of customers on the seal therefore developed autonomously over time. The seal is accompanied by full membership in GHI and may be utilized by members on their products, websites or trade exhibits. GHI Friends use the already mentioned GHI Network logo (Gläßer, Interview GHI, 2021).

The seal functions as a synergetic network tool, as it not only connects all members and their products, as the seal evokes a direct recognition value and connection to the GHI network among customers – it also levels all companies equally, as small member

companies are directly linked to large member companies, such as Röwer&Rüb or Böckmann, through the use of the seal. This connection then evokes positive customer perceptions: the companies' products, which are mostly experience goods, are awarded quality even before the actual purchase. The quality seal thus provides a positive search attribute, as already explained in theory in the previous chapter (Jahn, Schramm, & Spiller, 2005).

3.2.2 International perception of the GHI quality brand seal

The international perception of the GHI seal enjoys higher recognition than at domestic levels, as GHI bases its network concept on greater foreign market penetration and is therefore also more active internationally.

For foreign customers it is often difficult to directly recognize accountability in companies, since company profiles are often unfamiliar, and quality standards of the companies are not always directly recognizable. The GHI seal serves as a quality assurance in the international market for customers as a decision-making tool. Also, the connection to a quality network of different companies provides potential customers with security and reliability. An example experienced by GHI: at a trade fair in Dubai where a customer, who already knew GHI, chose a GHI member company just for reasons of affiliation to the GHI network and the associated reliability in terms of quality standards. Other companies were not even considered for this customer anymore. (Gläßer, Interview GHI, 2021).

However, the positive perception of the quality seal and the associated link to GHI itself, is also gaining traction domestically. Through seal placements on the packaging of each individual product, e.g., from consumer goods manufacturers such as the horse feed company St. Hippolyt, the seal and thus also GHI attain a very high perception and appreciation also on the domestic market, through high sales volumes of the consumer goods (Gläßer, Interview GHI, 2021).

There are no intentions to extend quality- or certification seals within GHI, for reasons of maintaining GHI values of equality. The philosophy of GHI is based on equality of all members and operates as a unified network excluding competition. Additional quality seals would entail classification, create customer confusion and competition within the network (Gläßer, Interview GHI, 2021).

4 Export strategies: Managing trade barriers successfully

An important part and often the beginning of the internationalization of businesses, is the export. This stage between foreign trade transactions and cooperative forms of market cultivation, as already explained in more detail in Chapter 2.2.1, is regarded as a threshold and companies often require strategic support in this area. Knowledge and the resulting ability to circumvent risks in the form of trade barriers can be a decisive strategic advantage in the internationalization process. The following chapter will analyze these trade barriers in more detail and provide strategic options for consulting companies, in particular GHI and its member network, as recommendations for action, in order to assure a successful exportability and international development for equine industry enterprises.

With increasing globalization, not only large corporations, but also SME's, which are also characterized as members of the GHI network, are now in the process of opening up international markets. However, trade barriers are often still very complex, and especially for SME's due to their size and economically more vulnerable position, therefore still a discouraging key obstacle to internationalization and market access.

One approach, which is also discussed in more detail in the following as a solution for recommendations for action, is government consultation. Supporting programs also enable SME's to negotiate with foreign partners with the necessary information base, to initiate legal proceedings if necessary or to represent trade policy advocacy (Fliess & Busquets, 2006).

Aside from strategies to circumvent trade barriers, a general reduction in trade costs globally would be more worth pursuing. For example, the OECD (Organization for Economic Co-operation and Development) found that a 1% reduction in trade costs internationally would add more than \$170 billion per year to global welfare. This would mean an increase in GDP of up to 2% in some countries. There is a trend of better outcomes in developing countries, which would benefit more from this reduction in trade costs, than for developed countries. Global benefits can be derived if customs procedures were made more efficient. This global reduction in tariffs paves the way for

a wider range of products for customers and offers competition opportunities to develop freely. Developing countries are enabled to export more efficiently, which results in higher export volumes and therefore raises and improves the general economic situation of those countries. Strengthening international relations overall is only one of many positive effects (Love & Lattimore, 2009).

One approach that achieves maximum benefits globally is to reduce trading costs using the “Swiss formula which is given by:

$$g_s(\tau) = \frac{s\tau}{s+\tau} \quad (2)$$

[...]where s is a positive coefficient and defines the highest level a tariff included in the negotiation list can take after the negotiation, i.e. a high s means lower reductions in the tariffs“ (Jørgensen & Schröder, 2011, p. 669).

The formula has a progressive effect, resulting in higher reductions for high-rate tariffs compared to lower-rate tariffs. It was introduced at the Doha Round, WTO (World Trade Organization) trade negotiations, and follows the objective of reducing tariff peaks and tariff escalations (Jørgensen & Schröder, 2011).

Welfare gains in trade liberalisation scenarios

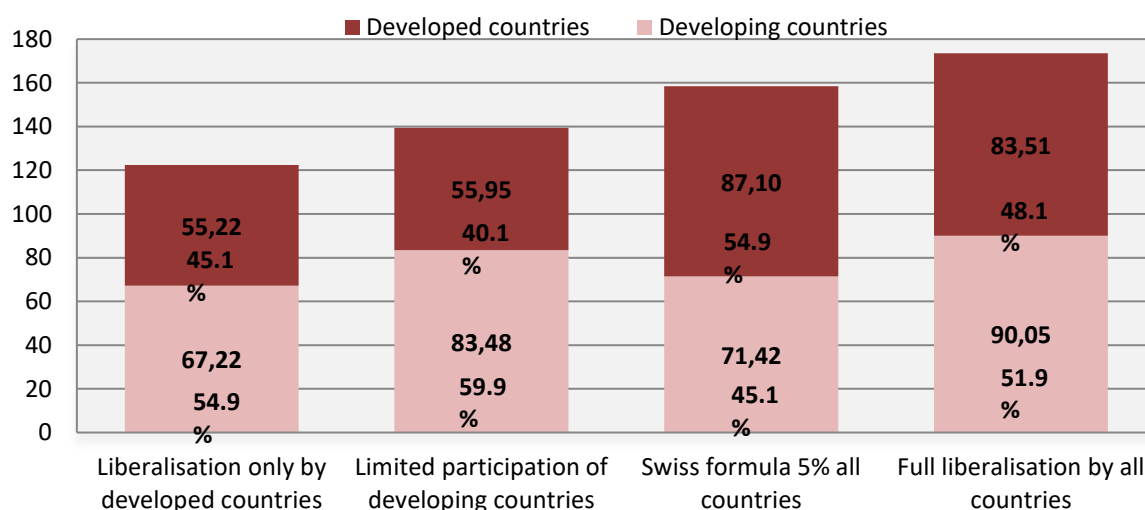


Figure 4. Source: OECD (2003), *The Doha Development Agenda: Welfare Gains from Further Multilateral Trade Liberalisation with Respect to Tariffs*.

The proportionate benefit in the reduction of trading costs with the Swiss formula would amount to 45% for developing countries. And while tariffs and duties are still an important source of revenue, the reduction also provides economic welfare (Love & Lattimore, 2009). A higher reduction coefficient for developing countries is also being considered, which would put the reduction burden for these countries on a fair basis compared to developed countries with lower initial tariffs (TNN, 2006).

An overall global gain of \$158.5 billion can be estimated with an after-reform tariff of 5% utilizing the Swiss Formula. This would yield the best result internationally after the approach of a total liberalization by all countries (Love & Lattimore, 2009).

Reducing tariffs and trade costs would therefore be the more optimal solution for all parties globally. However, since these trade costs are also always a source of economic income, and in developing countries even a significant source, liberalization and also reduction are hampered. SME's are thus strongly dependent on having sufficient knowledge of trade barriers to be able to circumvent them if necessary or to take them into account in the internationalization or export process, in order to be able to mitigate major risks of loss.

4.1 Non-tariff barriers: Quotas, customs duties and other restrictions

Besides trade tariffs and import quotas, the major barriers to trade are the so-called non-tariff barriers. These are difficult to measure and calculate due to their versatility and opacity, as they are not subject to comprehensive reporting requirements and are therefore difficult to accumulate in e.g. databases and evaluate their economic effects, as it is the case with quantitative restrictions, like tariffs.

By definition, they include a

“[...]wide and heterogenous range of policy interventions other than border tariffs that affect and distort trade of goods, services, and factors of production. Common taxonomies of NTBs include market-specific trade and domestic policies such as import quotas, voluntary export restraints, restrictive state-trading interventions, export subsidies, countervailing duties, technical barriers to trade, sanitary and phytosanitary (SPS) policies, rules of origin, and domestic content requirement schemes. Extended taxonomies also include macro-policies affecting trade [...]” (Beghin, 2006, p. Abstract).

With regard to prohibitions and quotas, a distinction is made between economic reasons to protect domestic producers from cheaper competition from abroad, where products are banned outright, or where quota costs are imposed above a certain threshold. But also non-economic reasons, such as the protection of human health and safety or the environment, can be an example for prohibitions and quotas (Love & Lattimore, 2009). For GHI members, regulations on horse feed are of particular importance, as many countries have restrictions on certain ingredients, or the domestic market and its agricultural sector should be protected from international competition (Gläßer, Interview GHI, 2021).

Another significant barrier is the high bureaucracy and procedural barriers that often accompanies export. It is not quality or price that hinders exporters, but more the bureaucratic procedures and the time it takes to ship goods. Competitiveness can therefore be at risk quickly due to urgent customer requests. Where OECD countries often require only three signatures for an import, other countries such as South Asia or Sub-Saharan Africa require 24 or more signatures. Due to the high bureaucratic effort it can take several weeks until goods can be exported, and these are significant economic disadvantages for exporters to consider (Love & Lattimore, 2009).

Customs duties continue to create barriers to trade as well. The originally introduced customs duties, which were intended to safeguard state income, protect the domestic industry and to regulate trade, are now administered by international customs authorities united in the WCO - World Customs Organization, founded in 1952, for regulating their effectiveness and efficiency. The HS (Harmonized System) Convention, established by the WCO, provides a basis for the classification of goods and offers a framework for customs and statistical purposes internationally. When determining the value of duties, this can be calculated per unit of weight or quantity or ad valorem (meaning: per value) (Bartos & Szatmári, 2020).

The ad valorem determination aims to identify the actual monetary advantage of the goods in order to be able to levy a correspondingly fair duty. Due to this value determination and the related duties levied, importers require certainty that their goods with the declared value will also be accepted by the customs authorities. Manipulations caused by differences between the actual value and the declared value, but also because

of the fact that the actual value of a good was adjusted to the declared value and thus were either reduced or increased, a uniform regulation was established (Bartos & Szatmári, 2020).

The principles of this valuation of goods for the levying of corresponding common duties, or other charges and restrictions on export and import, is regulated in article VII of the GATT 1994 *Valuation for Customs Purposes* and defines levying duties only on the actual value of a good, but not also on the value of the country of origin or another fictitious value (WTO - World Trade Organization, 2021).

The Technical Barriers to Trade (TBT) are also important to be considered. They regulate e.g. the shape, size, functionality and other features of goods and their approval in a certain country. The fulfilment of these requirements often ensures the safety of human beings and the environment. For GHI members, such TBTs can also address animal welfare. The WTO also regulates these barriers to protect them from unnecessarily high measures, but TBTs are often still a barrier for exporters (Love & Lattimore, 2009).

GHI companies also have to deal with such trade barriers when it comes to internationalization processes. Especially due to the very specific product range that the GHI company network comprises. Activomed, as a manufacturer of medical magnetic field blankets for the therapeutic treatment of horses, should be mentioned here. The medical component of the products, therefore, is subject to special guidelines of animal welfare and health and may be affected by barriers in some countries or have to undergo separate product testing and inspection. Additionally, horse transporters, such as GHI member Böckmann, may also face trade barriers due to high tariffs or duties levied on vehicles in some countries (Gläßer, Interview GHI, 2021).

Trade between European member states has become easier through the Union. However, companies in the horse industry are also expanding Extra-European and internationally. Trade barriers can be more complicated and increased in international markets. A closer look at two of these more complex trading countries and their barriers, as well as how to overcome them, is provided in the following chapters.

4.1.1 Extra-European Example: United States of America

America - also in the horse industry one of the most important export countries for Germany, which in recent years has become more and more strengthened and developed. Due to the growth in equestrian sports, the market in America is also becoming increasingly interesting for amateurs. Large auctions in Germany's breeding associations are welcoming more and more customers from the U.S., and well-known breeding facilities, as well as horse stud farms and companies in the equine industry itself, are cooperating with America and exporting horses as well as goods.

The trade with horses has intensified in the last ten years, as possibilities were created due to social media and therefore more efficient connections to prospective buyers, as video and photo material could be shared faster and easier. Transporting horses by air has not long been as complex as it once was. The cost of transporting a horse to the United States amounts to about EUR 5.000 - EUR 6.000 for geldings, about EUR 12.000 for mares and even up to EUR 20.000 for stallions – amounts result from the different quarantine regulations, which must also be considered by buyers (Jansen-Jentgens, 2021).

International trade is being driven by increasing globalization and makes trade much easier and more cost effective than in the past – so does the equine industry also benefit from those changes. However, even when exporting to America, some barriers should not be ignored, which make shipping horses and goods more difficult and can lead to high costs if there is no sufficient information basis. Especially feed manufacturers, which also include GHI members, are affected by strict requirements and regulations regarding the ingredients in horse feed.

In the following, the trade barriers of the U.S. market are explained in more detail and it is analyzed how member companies of GHI, representing the companies of the equine industry, can circumvent such barriers as well as minimize cost risks - as part of the exportability strategy aiming the intention of this thesis.

Before goods can be exported to the U.S., they must be classified under strict guidelines in order to make an appropriate determination of duties to be levied. It is the importer's responsibility to take *reasonable care* of his merchandise - a diligence requirement regulated in the standard of United States Code (USC), 19 USC § 1484, which requires

importers to take special care to measure, classify, and provide other information relevant to US Customs and Border Protection (CBP). This ensures appropriate customs imposition and evaluation of other legal requirements for goods (Methenitis & Brown, 2020).

Imported goods are classified according to the Harmonized Tariff Schedule of the United States (HTSUS), which is published by the U.S. International Trade Commission (USITC), and regulates the customs duty level, as well as other regulations that are levied on the value of the goods. Inadequate valuation of goods can lead to significant fluctuations in tariffs, as well as substantial penalties. U.S. Custom and Border Protection is the executive force of HTSUS in this regard. Annual revisions and updates of the HTSUS are provided by the USITC and are also important for networks such as GHI to stay informed. The HTSUS standard is based on a globally adopted classification system, the Harmonized Commodity Description and Coding System (HS), which is used in various major trading nations to classify and describe commodities in international trade that may be subject to tariffs, quotas or other restrictions (Methenitis & Brown, 2020).

The country of origin is equally important in the imposition of duties. Thus, in the HTSUS, all countries in sub-column 1, are given a Normal-Trade-Relations - Status (NTR). These countries benefit from more favorable tariffs and restrictions than the non-NTR countries. Currently, only North Korea and Cuba are counted under non-NTR countries, and thus belong to sub-column 2 of the HTSUS (U.S. Customs & Border Protection, 2021). Anti-dumping, quotas, countervailing duties or other trade barriers are also determined by the country of origin, as well as tariff reductions and eligibility in preference programs, such as AGOA (African Growth and Opportunity Act) or GSP (Generalized System of Preferences) by the U.S. Customs and Border Protection (Methenitis & Brown, 2020).

Furthermore, all products imported into the U.S. must be labelled with the country of origin, according to 19 USC § 1304(a) – Marking of imported articles and containers:

“(a) Marking of articles

Except as hereinafter provided, every article of foreign origin (or its container, as provided in subsection (b) hereof) imported into the United States shall be marked in a conspicuous place as legibly, indelibly, and permanently as the nature of the article (or container) will permit in such manner as to indicate to an ultimate purchaser in the

United States the English name of the country of origin of the article. The Secretary of the Treasury may by regulations—[...]” (GPO Authenticated U.S. Government Information, 2011, p. 58).

A distinction is made between the handling of goods according to preferential rules, which are treated differently due to their country of origin and legal circumstances. This may be the case, for example, if the goods qualify for a special preference programs, like mentioned before. For non- preferential imported goods, the differentiation between ‘wholly obtained’ and ‘substantial transformation’ applies. For wholly obtained goods, this means that the country of origin of a good is then to be identified according to the growth, production or manufacture. If the contribution to a good cannot be traced back specifically to one country, or if a production was carried out in several countries, for example, the examination of the country of origin in which the most substantial transformation of the good was carried out, i.e. the largest change or conversion of a product, applies (Methenitis & Brown, 2020).

Especially since the terrorist attacks on September 11th, 2001, import regulations into the USA have become more stringent. Customs authorities conduct a risk analysis before importing goods. For example, within the framework of the Container Security Initiative (CSI), the relevant data of the shipment must be transmitted to the U.S. customs authorities at least 24 hours before loading the goods on the ship at the port of departure. In addition, exporters must enclose various accompanying documents with the cargo. In the USA, an invoice in English with four copies is required, which must contain the following information: Name and address of both trade parties, port of import and export, quantity and weight and dimension details, order confirmation details, country of origin of the goods and brand, numbers and number of packages. The latter can also be attached in the form of a detailed packing list. Exporters must therefore pay attention to a detailed description of the goods to be imported into the USA in order to ensure the calculation of an accurate customs value (Handelskammer Hamburg, 2021).

In addition, the U.S. has extensive special regulations for certain product groups that exporters need to be aware of, as they are constantly renewed and modified. These

renewals and revisions are published on an up-to-date basis, e.g. in the Report on United States Barriers to Trade and Investment, published by the European Commission (Handelskammer Hamburg, 2021). The latter can also serve as a basis of information for the companies of GHI and it is recommendable to publish them in the GHI blog in regular periods.

Especially, as already mentioned at the beginning, horse feed manufacturers are affected regarding their exports in the USA, since special regulations apply to food, whether for humans or animals. For horse feed manufacturers, like e.g. St. Hippolyt as member of GHI but also representative of all feed manufacturers in the equine industry of particular importance:

Registration with the Food and Drug Administration (FDA) is required, for which there must also be an U.S. agent residing and operating in the United States. A two-year registration period is strictly defined and new registrations, as well as changes, must be scheduled in a structured manner to avoid barriers. Furthermore, an electronic notification obligation to the FDA applies to special imports, subject to compliance with various deadlines. These are regulated in the Food Safety Modernization Act (FSMA), which was signed into law by President Obama in 2011, in order to prevent food/feed contamination (FDA, 2021).

In order to counteract feed-borne diseases and to ensure the safety of humans and animals in global supply chains, seven basic rules have been enacted that define clear measures for action when it comes to importing animal feed or human food into the USA.

To stay within the scope of this thesis and to maintain focus for feed manufacturers, only some of these rules, according to the feed-related approach, will now be outlined (FDA, 2021).

Part of the FSMA's major rule is the Current Good Manufacturing Practice (CGMP), which regulates preventive, risk-mitigating measures through a food safety plan in animal feed facilities. The rule requires feed manufacturers to subject their facilities to a hazard analysis and various controls to prevent potential risks. The aim is to exclude toxic pesticides, e.g. in the feed or through external influence, if raw materials for production in the supply chain are not always transparent (FDA, 2020).

Some vertically integrated feed manufacturers, i.e., so-called feed mills that operate an expanded, agricultural business in addition to their feed production, are not covered by this preventive rule yet. However, since many such feed mills are often large suppliers in the international market, there are already proposals and considerations to include them under separate controls programs in the FSMA (FDA, 2020).

As a recommendation for action for GHI members and other horse feed manufacturers, it is advised to monitor this development in order to be prepared in time to counter trade barriers in form of new control processes due to new FSMA regulations.

Another rule under the FSMA is the accredited third-party certification. This voluntary program allows accredited third parties to approve certification bodies which conduct an audit to certify foreign suppliers and their imported goods to prevent the importation of harmful substances, in food for animals and humans, from American consumers. Those who qualify as an accreditation body or as a certification body can also refer to generally applicable ISO (Internationalization of Standardization) standards, subject to compliance and adaptation of the guidelines required for the program.

This serves not only the international coordination but also the utilization of an already globally existing structure. The accredited authorities are always guarded and monitored by the FDA in order to maintain security and legal authority to the main organization. In return, all records in the program must be made available for FDA access by the two third-party agencies (FDA, 2020).



Figure 5. Process of the Accredited Third-Party Certification Program (FDA, 2020).

These certifications can also lead to eligibility for participation in the Voluntary Qualified Importer Program (VQIP). The VQIP should be mentioned here with a special

recommendation for action to GHI members and other companies in the equine industry, as there are strategic advantages to be gained by participating.

The recently opened VQIP, effective since January 1st, 2021, is a voluntary fee-based program that importers can join to allow faster and less burdensome imports of food for humans and animals into the United States. A prerequisite for this is the aforementioned third-party accreditation, in which foreign suppliers and their facilities are thoroughly inspected and certified to the required U.S. feed and food safety standards (FDA, 2021).

Due to the new introduction of this program and the application by May 31, 2021 for the following fiscal year 2022, there is a great potential and opportunity for e.g. GHI members to be among the first ones to be included in the VQIP and to benefit from faster import procedures (FDA, 2021). American customers have to apply as importers in this program, whereupon the foreign distributors (in this case e.g. members of GHI) will be audited and accredited. By ensuring an audited and secure supply chain with reliable foreign suppliers, both importers and GHI members can benefit from strategic advantages. Consequently, a timely consultation with American customers of GHI members is advisable and recommended. Applications can be made via the FDA website and German companies can also obtain further information from the Chamber of Foreign Trade in the USA.

4.1.2 Extra-European Example: Russia

When it comes to international exports, from an Extra-European perspective, Russia should certainly be considered as well.

Despite certain trade barriers, Russia has developed in recent years the process of establishing a common economic zone, in the form of free trade, the formation of a customs union, as well as the general strengthening of the EU integration. Therefore, in 2001, the Eurasian Economic Community (EurAsCE), later Eurasian Economic Union (EAEU), was established by the five founding countries of Russia, Belarus, Kazakhstan, Kyrgyzstan and Tajikistan. This international economic community was established to facilitate global economic trade for its member countries, to better coordinate the international trade system as a community, as well as to enhance the socio-economic development of its members, utilizing their full economic potential (EurAsEC, 2021).

EurAsEC mission is to develop a common customs tariff and a unified system of non-tariff regulatory measures, to establish general rules for international trade, to introduce a customs regulation system, among several others (EurAsEC, 2021).

The harmonization of external customs tariffs is considered to have been successfully implemented, although not implemented on a sustainable basis. In the further process of Eurasian integration, the unified Customs Union (CU) was therefore introduced in 2010 to further advance the liberalization of the internal market in addition to the unification of external trade tariffs (Hoffmann, 2015).

The implementation of the Customs Union and the concentration on core missions made it feasible to implement the projects quickly: e.g. already in 2010, 85% harmonization of foreign trade tariffs by the members and the abolition of customs controls between the member countries in 2011. This served above all to achieve the targeted higher level of EU integration and the related improvement in international competitiveness (Hoffmann, 2015).

Since the dissolution of the Soviet Union in 1991, Russia has evolved from a planned economy to a market-oriented economy. Through this reorientation, the country committed to trade and investment liberalization, eventually becoming the 156th WTO member in August 2012. Joining the WTO opened up new market options and trade advantages for Russia, which were particularly beneficial after the 2008-09 world financial crisis. Even though the obstacle of political instability hindered Russia's economic recovery during this period. Russia's trade policy issues, as member of the EAEU, are handled by the sub-organization – the Eurasian Economic Commission (EEC). This includes all kinds of tariffs, quotas, customs regulations, country-of-origin regulations, etc. Trade agreements are therefore composed of national institutions, legislation, as well as the regulations of the EAEU (WTO-World Trade Organization, 2016).

Since its accession to the WTO, Russia has been striving to optimize customs processes. Measures are being created to simplify operations and facilitate both imports and exports. Tariff reductions from the original level of almost 10% to a single average tariff rate of less than 8% on industrial and consumer goods, as well as the free trade area for EAEU member countries, with the exception of restrictions and tariffs against non-member countries, are results since 2012 (WTO-World Trade Organization, 2016).

But despite Russia's aspirations to customs harmonization and, in general, trade liberalization, according to the regulations of the WTO, the country is still considered to be an obstacle in the field of trade and export of goods. There are still significantly high and increasing taxes on alcoholic beverages, and although licensing of imports has been simplified since accession to the WTO, there are still activity licenses that hinder trade and make it opaque. For example, for the storage of alcohol, goods may only be stored at least 15 cm from the ground and apart from other goods. Often, further certification of the goods by political third parties is required, which not only disrupts trade but also makes it time-consuming and costly. Trade in Russia still has high tariff-rate quotas, especially on agricultural products. The respective allocation to the customs union parties is determined by the forecasted production and consumption for a particular good (Molyneux, 2013).

Contrary to WTO agreements to disclose all trade-related changes, public comments, and other measures that contribute to transparency in international trade, Russia does not publish all administrative trade regulations or customs requirements and varies in customs costs among the different ports and regions of the country to which imports are made. The latter and non-tariff barriers make the Russian market opaque and unpredictable for exporters (Molyneux, 2013).

In addition, shortly after joining the WTO, Russia imposed a recycling fee on all imported automobiles and other types of vehicles. The amount of the fee is determined by the age and engine size of the vehicles and serves to cover the costs after the respective vehicle life cycle. Prices range up to EUR 1,221,000 for new vehicles and up to EUR 7,772 for used vehicles. It is however worth remarking that this fee can be interpreted as a counterpart to the reduction of import duties resulting from the WTO membership (Molyneux, 2013).

Domestic manufacturers, as well as imported vehicles from Belarus and Kazakhstan, can avoid this fee under certain conditions; for example, if they take care of the recycling process of the vehicles themselves. However, these exceptions do not apply to all other importers, and Russia is once again making (export-) trade more difficult. The EU challenged this in a dispute settlement, claiming that there exists an adverse effect on imported goods and that regulations of the General Agreement on Tariffs and Trade

(GATT) and the Agreement on Trade-Related Investment Measures (TRIM) are contravened. Due to the progressive increase of the fee on vehicles older than 3 years, the EU considers an advantage for the domestic industry compared to other WTO members exporting to Russia (European Commission, 2013).

In 2014, the EU filed another complaint against Russia and requested consultation with the WTO to find a negotiated solution. The dispute concerned anti-dumping duties imposed by the Eurasian Economic Commission on light commercial vehicles (LCV) from Germany, with duties of up to 29.6% on imports, and Italy, with duties of up to 23% on imports, which significantly restricted the Russian market access. LCV means, vehicles with a permissible total weight of 2.8 - 3.5 tons, as well as diesel vehicles with an engine capacity of 3000 cm³, which serve for the transport of goods, with or without passengers (European Commission, 2016).

Accordingly, Russia has disregarded the regulations accompanying its accession to the WTO; Belarus and Kazakhstan were excluded from the dispute, due to their absence of membership (European Commission, 2014). Prior to Russia's entry into the WTO, Germany and Italy were able to record LCV exports worth over EUR 120 million. Since the import of the recycling fee on vehicles and the dispute of anti-dumping duties, exports decreased significantly (European Commission, 2016).

The handling of the latter trade barriers specifically related to vehicle customs duties and fees, serves to inform and recommend action, with regard to the scope of this thesis, for manufacturers of horse transporters and trailers, which also include GHI members such as Böckmann. Their product range meets the criteria that would apply to both customs duties and recycling fees. Even though the cases have been partially settled and Russia has been able to agree on adjustments with the EU (WTO-World Trade Organization, 2017); Russia remains due to the aforementioned restrictions, customs duties and also due to recurring political instabilities and allegations of corruption in the country, to be considered an impeding trade partner.

Therefore, special caution should be applied here for companies in the equine industry when long-term export contracts are under discussion. Due to the explained trade barriers, the Russian market is therefore not fully transparent and the disputes with the

EU in recent years indicate that trade is not yet fully reliable. The monitoring of such developments is therefore essential because of the consultative function GHI has to its member companies.

Russia's accession to the WTO and the associated commitments to liberalize trade barriers have the potential to improve its international trade position through continuous adjustment and trade reforms (WTO-World Trade Organization, 2016), and therefore also might consider it someday an attractive export country for equine industry enterprises.

4.2 Recommendations for action: Conquering trade barriers

In many cases, external help is required to successfully overcome trade barriers, as these are usually not only very complex, but also diverse and opaque; in unknown third countries also with increased impact. GHI as a consulting company can support its member network with an advisory function when it comes to internationalization processes, exports and the related, possible trade barriers. As a recommendation for action for companies in the horse industry in general, but also as a further information base for GHI and its network, this thesis also addresses other options on how companies can successfully conquer trade barriers.

On the one hand, governmental consultation should be called into consideration. Some governmental institutions have already developed programs to diagnose trade barriers in time. In most cases, these government programs are operated within countries that are part of the OECD. Government consultation allows companies to actively address trade issues, enabling governments to directly discuss trade objectives and remove obstacles in multilateral and bilateral negotiations at international level (Fliess & Busquets, 2006).

One example program is the European Union's legal instrument: Trade Barriers Regulation (TBR). It serves a wide variety of economic industries when it comes to filing a trade-barring complaint, for example, to open up a foreign third market (Fliess & Busquets, 2006). The TBR then tries to find a fair solution for all parties involved by negotiating all options, or in the event of non-agreement, the initiation of dispute settlement procedures with the WTO (European Commission, 2020).

To stay updated on international trade barriers, the EU also maintains a database: Access2Markets, formerly Market Access Database (MAD). Companies can find out about international trade conditions as well as report trade barriers themselves, which the EU Commission then examines and negotiates a reduction or elimination of the barrier with the corresponding trading country, if applicable (Fliess & Busquets, 2006).

The portal also provides information on tariffs, guidance on country-of-origin regulations, product requirements, and other import regulations and renewed or terminated trade agreements. Also for the new market entrants, as already explained in more detail in chapter 2.2.1, Access2Market offers the possibility to get basic, step-by-step guides for international trade of goods in expert groups (European Commission, 2021). A sub-function of the program is also the technical implication of a trade assistant. Companies can find product-related information there by entering product name or HS code, as well as country of origin or destination. This also includes, with a focus on SME's, statistics, COO information, trade agreements, and company histories. To benefit from lower tariffs, the free program also offers ROSA - rules of origin self-assessment. It supports the step-by-step determination of the country-of-origin information for a particular product and the criteria, if any, for preferential treatment in the export/import country (European Commission, 2021).

Businesses in all industries can benefit from these governmental consultation systems: but particularly an introduction to these programs would be a good opportunity for the GHI's annual two-day workshop. Companies in the equine industry could, through Access2Market, MyTradeAssistant and ROSA, quickly find information and solutions to overcome trade barriers - this is very beneficial due to the usually very specific product ranges in the equine industry and sometimes lack of knowledge of the given situation in foreign markets. Additionally, the usage is free of charge and can be obtained in an uncomplicated manner (European Commission, 2021).

But apart from government consultation, numerous international organization programs can also serve to safeguard companies' international exportability and help them to enter foreign markets or develop internationally.

For example, UNCTAD (United Nations Conference on Trade and Development) provides the portal TRAINS, which allows the public to interactively search, retrieve data and

store data of trade-related regulations and especially NTMs – Non-Tariff Measures (UNCTAD, 2020).

With reference to chapter 4.1, Non-Tariff Measures are often still a significant obstacle in international trade in goods, since, apart from ordinary customs tariffs, they are less transparent, vary from country to country, and may have a negative impact on economic trade through fluctuating quantities and/or price regulations (UNCTAD, 2020). The equine industry requires special in-depth awareness of these NTMs, as non-tariff measures, in addition to commercial quotas and price controls, arise particularly from non-trade economic factors. For example, horse feed manufacturers are not only regulated on sanitary and phytosanitary (SPS) measures because of the ingredients, related to plant protection, in feed products, but they are also responsible for protecting animal health.

TRAINS is based on information and data on NTMs collected since 2012, which is constantly renewed and extended. By collaborating with e.g. ITC (International Trade Center), WTO, World Bank and several others, UNCTAD has been able to build a comprehensive and cross-culturally comparable portal that includes 109 countries and their more than 65,000 trade measures. TRAINS aim is to provide an option for a better public understanding as well as to enhance the overall transparency of NTMs, thereby still maintaining the promotion of NTMs related to food/feed safety, consumer security and environment and animal protection (UNCTAD, 2020). The access-free and user-friendly portal can be used by both exporters and importers to reduce trade costs, by policy makers to aid decision-making in trade agreement discussions and for regional and global cooperation with the domestic market, and by researchers for statistics compilation and trade assessments (UNCTAD, 2020).

GHI members and companies in the equine industry should consider utilizing this portal to avoid high trade costs resulting from redundant and obstructive compliance-, bureaucracy- and procedural expenditures that may arise and hamper international trade, as well as potentially cause a negative effect on productivity and growth.

The choice between government consultation systems and international organization portals, as aforementioned, depends on the specific company and should be adapted to the prevailing conditions within the business environment. Only a proactive usage of

such support programs can result in exportability-strategic advantages as part of the internationalization process.

5 International Development strategies: Implementation within the GHI network

Standing on one leg is not only difficult figuratively in the metaphor, but also in terms of the internationalization process. Exportability, and the related challenges that need to be mastered and overcome, is, as already elucidated, one of the most important criteria of internationalization. In the context of this thesis, the international development of companies in the equine industry is also addressed, in closer detail the network of GHI. By uniting the market leaders of their industry in GHI, a unified system has already been created, which enjoys an international recognition. As networks are always in a constant state of transformation, it is necessary to adapt and expand existing processes and structures accordingly, in order to achieve competitive advantages in the long term. For generating an even better penetration of foreign markets as a network of horse companies, an international development strategy will now be presented, which can be specifically applied by GHI - but which can also be valuable for other companies in the equine industry as a recommendation for action.

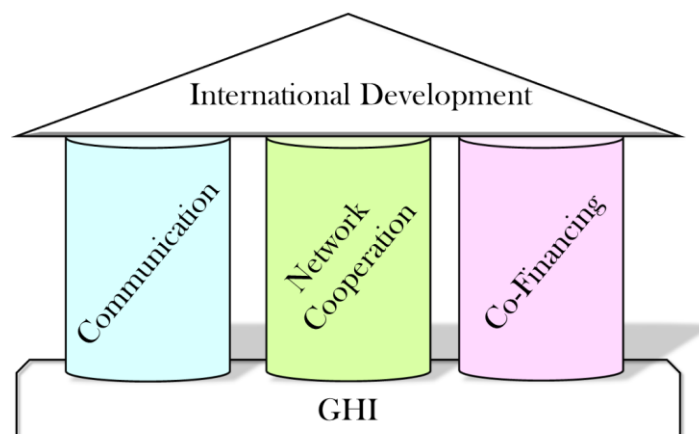


Figure 6. Author's visualization of self-created three-pillar model for GHI Members and other equine industry enterprises.

The basis of the international development strategy for a more successful market penetration as a network of equine enterprises worldwide, is a, from the author of this thesis self-developed, three-pillar model. These pillars include new approaches to business processes, options for network expansion and recommendations for action on several levels. Communication, Network Cooperation and Co-Financing in the Internationalization Process are building the concept of the pillars.

5.1 Communication

"The art of communication is the language of leadership."

— James Humes

As Humes - former speechwriter to various presidents of the United States of America - indicated, good communication is the key to success.

Without communication, whether verbal or non-verbal, our daily lives do not function. And as essential as communication is to our daily lives, it is also deeply embedded in our corporate culture. Communication starts with the basic internal business aspects such as contract and order processing, customer care, and generally the management of the company with its employees and extends to large scale, profound communication patterns, e.g. when it comes to international negotiations with foreign business partners or emotional staff conversations. The latter are strongly influenced by non-verbal communication and can lead to wrong decisions, inefficient leadership and general loss of time, money, energy, opportunities or the value of the company itself (Pan & Karmakar, 2020).

Communication can be perceived and transmitted in many different ways. Due to growing globalization, but also due to the Corona Pandemic existing since 2020, communication channels on a digital level are intensifying internationally. New possibilities, in the form of video calls and meetings or further digital implications to facilitate the global, business communication, gained strongly in importance and will remain also in the future of special relevance.

Especially when companies grow in complexity and size and expand into foreign countries, like in internationalization procedures, there is a demand for precise and well-thought-out communication within the business units so that employees have a clear understanding of the company's mission and vision in order to be able to work

accordingly towards it. Communication therefore gains in importance and scope, especially in the internationalization process (Linjuan Men & Bowen, 2017).

Thereby applies, effective communication is the clear, concise, complete and correctly perceived communication of facts, information, thoughts and ideas or opinions. In a functioning business environment, effective communication can lead to smoother work processes and consequently increased productivity, simplification of decision-making discussions, strengthening of business relationships, enhancement of professionalism and general problem solving (Pan & Karmakar, 2020).

To achieve these goals of effective communication, two approaches specific to GHI as an equine business network have been identified in the following, which are most efficient to implement in future business activities. Both the improvement of a technically based element but also the interpersonal improvement in international interactions with business partners, when intercultural communication and thus trade barriers occur, were determined and serve as a recommendation for action.

5.1.1 Technical improvement proposal: B2B communication channels – GHI internal

Emails, short messages, blog posts, social media, videos and many more are all representatives of the many channels that digital communication can inhabit. The exchange of messages, news and information is more important than ever, especially due to the growing globalization. Digital corporate networking internally, through employees working from their home offices, as it is currently the case in the Corona Pandemic, or digital, external corporate networking with other companies, serve to simplify the exchange of information (Lexa, 2021).

The combination of universally accessible Internet-based platforms together with the reliable, secure and available business processes and applications, form the so-called e-business. A subgrouping is e-commerce, which was insufficiently long understood only as electronic data interchange (EDI), but rather also offers the possibilities of interactive communication exchange of B2B (business-to-business) and B2C (business-to-costumer) approaches (IBM Redbooks, 2005).

These interactive communication exchanges can be accessed through various new technology tools like internal social networking sites, instant messengers, staff journals or chatbots (Linjuan Men & Bowen, 2017).

A new approach for GHI could be to expand international digital communication channels. With reference to Chapter 3.1.3, the network already operates a database - GHI internal - which serves to provide information in the form of contact details of companies in the equine industry throughout Germany and worldwide. Currently GHI members can log into GHI internal and get access to all the databases and information about various types of companies and contact persons (GHI-German Horse Industry Consulting GmbH, 2021).

However, companies must then actively search for and initiate the communication channel themselves, i.e. filter out telephone numbers or email addresses from the databases and then actively contact the company (Gläßer, Interview GHI, 2021). Embedding a digital communication channel, as a direct option for GHI internal users, would be a useful approach to ensure faster and more effective communication. Conceivable here would be the technical introduction of an instant messenger, through which companies can contact other companies directly in GHI internal, without having to use an external email service for this purpose. This instant messenger would enable the interactive communication exchange and would benefit a more efficient workflow, rather than conducting several steps in order to communicate B2B (Linjuan Men & Bowen, 2017).

The network idea, which is strongly anchored in GHI, would again be strengthened by the introduction of this technical communication channel, as it ensures fast networking with other companies in the horse industry in Germany, but also internationally.

Other future options could also be to expand GHI internal technically to an internal social media platform, in which not only instant messengers would be available, but also GHI members could post equine related or their products related content. The fusion with the GHI blog, in which current events from the horse industry and news from GHI members are reported, would also be an option.

By continuing the GHI database as an information and contact pool, extended with social media features, new international contacts could also be created through cross

networking linkages - and again contribute to more successful and process simplifying internationalization steps.

5.1.2 Interpersonal improvement proposal: Cross-cultural workshops

Negotiation is probably one of the most important business activities, domestically or internationally. Negotiations are usually carried out in order to find an agreement between two parties, e.g. in sales procedures, in acquisitions and mergers, but also in internationalization scenarios. Regardless the subject, however, negotiations usually include two or more negotiating parties, one or several issues to be negotiated, possible alternatives, the position to be represented, and advocacy (Cellich, 2021).

As already discussed in previous chapters, more and more companies are striving to expand abroad and negotiations with international partners are thus gaining in relevance. Although business negotiations in general have always been a barrier for management to surmount, international negotiations are still of particular complexity. Cross-cultural backgrounds, varying business practices or different legal systems and insufficient knowledge about the latter can quickly lead to failure in the international environment and not only harm the company itself, but also, for example, with the reference to GHI, lead to a negative network image in total (Cellich, 2021).

When negotiating with foreign partners, cultures often clash, and with them different values. Thus, perceptions and attitudes of one negotiating partner can be perceived quite differently from the other. The different types of negotiations usually originate from socio-cultural, religious backgrounds, or are based on gender roles or other norms. Business negotiations are therefore strongly influenced by intercultural factors and can also inhibit market entry strategies (Mehra, 2014).

The Chinese, for example, prefer a rather non-compelling, reserved negotiating style. It should also be noted that contracts are considered as not binding in China. In other words, documents once signed with trading partner A, who has been replaced by a new colleague B, may no longer be valid for trade agreements with partner B then. Where western style partners may think 'contract is contract', there are always renegotiation possibilities on Chinese sites (Cellich, 2021).

Good hospitality is of great importance in China, as well as social etiquette and a close interpersonal relationship with business partners is very important, despite their usually

tough business negotiation methods. Western-oriented negotiating partners can therefore hardly appraise the Chinese due to their indirect business communication, and distrust can quickly arise. On the other hand, the Chinese often perceive Western business partners as impersonal, aggressive, or insincere due to their direct way of conducting negotiations. In Saudi Arabia, a relationship bond is also considered very important. Saudis do not like stressed business negotiations and prefer to delay or circumvent clear statements such as 'no' (Mehra, 2014).

"You don't negotiate with stereotype averages but with individuals."

— Henry Kissinger

Moving away from the aforementioned stereotypes of Arabs being prone to business interruptions, Americans being too pushy and direct, Germans being over-punctual and time-bound, and Chinese being tough in negotiations, rather being more responsive to the individuals themselves can already be a strategic advantage (Mehra, 2014).

These cultural differences, not only in terms of the language spoken, but also in terms of body language and other negotiation skills, are the most demanding communication tasks and must be carefully handled and respected if negotiating internationally.

"Successful negotiators are not born; rather, they have taken the pains to develop negotiating skills through training and experience" (Cellich, Overview of Global Business Negotiations, 2021, p. 4). Due to the multitude of cultural differences, it is often not easy to prepare adequately for cross-cultural negotiations in the daily business life. And it requires some time to get acquainted with the culture of a trading country.

The high degree of specialization of the horse industry means that only certain markets are of interest, but it is as important to familiarize with them, economically as well as culturally. Therefore, as an improvement of the interpersonal approach, it is proposed for GHI to offer quarterly or semiannual cross-cultural workshops for GHI members. An extension of these workshops for non-members for a participation fee is conceivable.

The respective focus per workshop, on an export country of interest for the horse industry, as well as expert lectures, e.g. by specialists of the IHK, would enable an exchange of experiences and would ease intercultural barriers.

The workshops could achieve a foundation in diversity sensitivity on an interpersonal basis, as well as trainings in dealing with feedback or conflicts resulting from miscommunicated negotiations due to cross-cultural backgrounds, for example. Frustration levels would decrease due to the intercultural training in workshops and managers of the horse industry could focus on the interaction itself instead of drawing false conclusions based on assumptions and generalizations of trading partners (Usua, 2016). Especially when entering new markets in countries where the company may have a pioneer position - which can quickly be the case internationally due to an equestrian industry specialization in Germany - feelings of dominance can arise and reflect arrogance towards trading partners by being too bold and direct in their communication.

In addition, other communication skills training could also be considered in the workshop agendas, such as: Perception training for understanding signals, signs, cues, especially in non-verbal communication also interpreting facial expressions correctly and understanding body language (Mehra, 2014).

The introduction of these quarterly or semiannual workshops would prepare GHI members in a compact and focused time, for instance a two-day workshop, on intercultural, interpersonal barriers, that they can advantageously apply and benefit from in internationalization processes.

5.2 Network cooperation

The second pillar of the International Development Model for the GHI Network and other companies in the equine industry, is that of synergetic network cooperation.

GHI itself, as a well-developed and functioning network, already enjoys internally the benefits of a bundled presence in international markets. But GHI also benefits from the network advantages described in Greve's theory (2014), such as power, cooperation and information transfer.

In order to protect itself from network adaptations from abroad and to utilize the strategic advantage of cooperation, it is being considered advisable for GHI to join forces with other international networks, of similar industries, in a future-oriented approach. This would not only contribute to the expansion of worldwide contacts, but also to the

exchange of knowledge on an international level. Network advantages that GHI currently enjoys within its network would therefore be enhanced to international levels. In cooperation, various business aspects should align to a certain degree, whether it is business type or business environment, product ranges, or mutually targeted customer groups. Synergetic effects can be achieved when both networks have only a limited number of commonalities regarding their key activities, as this ensures the stability of the network cooperation and excludes competition. There should be a united consensus, but the networks should also be able to derive synergetic effects from one another (Bußmann, Schweighofer, & Panz, 2014).

Synergetic cooperation with international networks would be advisable for GHI, since the core competencies would be expanded and, in general, cooperation of this kind also entails multinational flexibility. Regular joint meetings with the member managers of the individual networks, as done internally at GHI twice a year, would be an option for sharing experiences and could be the basis for planning further international conferences.

Two potential, internationally operating networks, both of which are in size and member network bigger than GHI, are presented in the following and serve as cooperation recommendations for the GHI network, because international development opportunities are envisioned.

5.2.1 FGHS - Netherlands

FGHS is a Dutch industry network that includes manufacturers, importers, wholesalers and large subsidiaries of sportswear, sports footwear and sports equipment in general. Founded in 1950 and headquartered in Leusden, close to Utrecht. FGHS and its more than 140 member companies represent approximately 80% of the total annual turnover in the sportswear industry of the Netherlands (FGHS, 2021).

Similar to GHI, FGHS supports its members, which who are also mainly SMEs, in expansion processes on a national as well as international level and encourages continuous growth and development of innovativeness, for which also an innovation coach is assigned to FGHS. In addition, the FGHS, together with institutions,

governments, sports associations and federations, but also with the Dutch Olympic Committee and universities, offers meetings, events, workshops and seminars that serve the sports goods industry for a collaborative information base, and center of knowledge and inspiration (FGHS, 2021). As network advocate, FGHS represents the interests of its members at multinational level and is supportive to members in many different consultative functions, such as social, legal or economic problem solving, raising awareness on potential, new business opportunities and also as an industry representative on international business missions to build new relationships for FGHS members (FGHS, 2021). The many commonalities to GHI can be clearly recognized in the business activities.

In order to satisfy sector-specific common interest representations, to be able to deal with the same concerns and to be affiliated with members according to the same sport and product group, also for clarity from an external point of view, FGHS has divided its member companies into subclusters. Just like the GHI approach of a functioning and cross-fertilizing network, FGHS clusters operate towards a bundled competitiveness internationally and build a common industry economy that benefits all members equally. Winter hardware, Tennis, Golf, Running, Hockey, Outdoor, Skates and Equestrian Sport compose the subclusters (FGHS, 2021).



Figure 7. FGHS Website Logo (FGHS, 2021).

Particularly due its implementation of equestrian sports, FGHS as a Dutch network is of significant relevance to GHI as a cooperation partner. Besides international renowned sportswear brands like Nike, Hummel, Adidas, Puma or Asics, the equestrian section is also represented by popular brands like Pikeur and its subsidiary Eskadron, both well-known, high quality German brands for riding equipment, as well as the Dutch company

Petrie, standing for a 150-year-old, family-owned manufacturer of quality riding boots (FGHS, 2021).

Because of the FGHS network's focus on sportswear and equipment, and hence with the concentration in the equestrian section on the rider more than on the horse, a strategic advantage can be gained here for GHI. The broader network of the FGHS can fertilize GHI with synergetic effects, as GHI does not yet cover the equestrian apparel section with its members. GHI members comprise horse transporters, solariums, floor coverings and feed manufacturers, as well as breeding associations and equine fairs (GHI-German Horse Industry Consulting GmbH, 2021). A cooperation with FGHS Netherlands would be a strategic enrichment for GHI on an international level, also due to the regional, neighboring country advantage. The equestrian apparel and equipment section, which has not yet been integrated by GHI, would add valuable influences on the GHI network and also further promote international development.

Members of the FGHS also have the possibility to use further support programs, either developed and conceptualized by the organization itself or externally sourced.

One of the self-conceptualized programs is FGHS Logistics (in original: FGHS Logistiek). Members benefit from cheaper transport costs, as economies of scale in Logistics can be achieved, when bundling the costs for transport for FGHS members and customers. But not only in Logistic matters, FGHS members can feel looked after. Regarding trade and finance assistance, the Network externally sourced a professional agency for credit insurance, working capital financing matters, protection of non-payment issues and several more related topics, that might occur (FGHS, 2021).

And again, GHI and their members can also derive synergetic effects from such programs operated by the FGHS network, either in ways of adapting or through active support when a cooperation is established.

The synergetic effects, described in chapter 5.2, for the success of a functioning network cooperation of FGHS Netherlands and GHI Germany could thereby be achieved. Common core activities of the networks allow a unified alignment of goals, but not too many commonalities of the networks overlap and can consequently exclude competition within this kind of cooperation, since the broad positioning of the FGHS in other sport activities makes the equestrian sport only one segment of their business.

5.2.2 Pôle Hippolia - France

Another cooperation partner for GHI could be Pôle Hippolia in France. As the only government-certified competitive cluster within the horse industry it consist of a Quality Certification Expert Committee and an operational team, united thriving to position the French Horse Industry innovatively up front (Pôle Hippolia, 2021).

The term cluster is used here to refer to a highly complex and diverse economic network of the equine industry in France, which is interconnected with companies and other organizations, such as universities, research institutes, government departments, and official authorities, in a geographically coherent construct that promotes innovation and knowledge exchange (Gabler Wirtschaftslexikon, 2021).

The Normandy based Network registers over 200 members of SMEs entrepreneurs, start-ups, and also major research groups, institutions and training teams. Their business activities mainly focus on innovation promotion and innovative project support, as well as Network management and assistance in economic intelligence. With a project budget of over EUR 80 million, Pôle Hippolia can support over 200 projects a year, from which over 180 receive certification.



Figure 8. Pôle Hippolia Logo (Pôle Hippolia, 2021)

Pôle Hippolia's wide-ranging business activities can also be matched in several ways by those of the GHI network. Pôle Hippolia also offers its members project support measures, like project analysis, partner research, fundraising support and business development advice such as communication strategies or similar (Pôle Hippolia, 2021). However, albeit on a larger scale, these are certainly comparable to the consulting services offered by GHI.

Due to their competitive cluster, Pôle Hippolia is authorized to certificate certain, especially innovative projects for increasing funding possibility reasons. Project leaders, researchers or companies in general, can have their projects or products certified by economic solidity, supplied with the necessary relevance to the equine industry and, above all, with a high degree of innovation (Pôle Hippolia, 2021).

Even if the system of certification does not comply with the principles of GHI, as competition within the network could arise and endanger the support of the members on an equal basis (Gläßer, Interview GHI, 2021), Pôle Hippolia may still represent a strategic cooperation network.

This also arises in particular from their wide range of connections, also due to their high number of partnerships: Institutional partnerships like the French State or Ad Normandy, Equine Industry Partners like IFCE (Institut Français du cheval et de l'équitation) or the European Horse Network, and many more partners in research, media, technical or supply segments (Pôle Hippolia, 2021).

Additionally, the French equine industry is also characterized by five internationally recognized equine research institutes, which significantly increases the level of innovation in this country (Pôle Hippolia, 2021).

Given the many partnerships already in place, and the high degree of innovation throughout the entire network, a strategic cooperation with a network cooperation between Pôle Hippolia and GHI can be considered realistic and promising. Synergetic effects can especially extract from the size and connections of Pôle Hippolia and their innovative focused research members.

5.3 Co-Financing

The final pillar of the model, developed within the framework for a successful International Development Strategy for GHI and its member network, is Co-Financing. In internationalization processes, common barriers for SMEs are financing shortages. Sometimes it is difficult to assess risks abroad, which can lead to miscalculations and major losses. Furthermore, companies are not always equipped with the necessary equity capital and financing terms can extend over long periods, as well as involve high default risks. Lower financial accounting standards for SMEs also complicate the

granting of credits for banks. Internationalization processes are also often associated with currency fluctuations and delayed profitability in the country of export or incorporation. Therefore, especially for SMEs, such as the companies of GHI, foreign activities are equivalent to long-term investments, which in turn are no longer available in other business areas and must therefore be considered wisely (Geyer & Uriep, 2012).

According to an internal company survey conducted by IfM (Institute for SME Research) Bonn in 2012, 39.2% of the small companies and 29.4% of the medium-sized companies questioned, said that the total costs of international activities were a barrier to internationalization. 25.2% of small companies and 15.9% of medium-sized companies stated that insufficient financing was a reason against internationalization. In average 26,2 % of SMEs and large enterprises stated the external need for support when internationalizing (Kranzusch & Holz, 2013). However, it is usually not a matter of insufficient financing or funding options, but rather a lack of knowledge of these options and how to utilize them in the internationalization process (Gläßer, Interview GHI, 2021).

In a compilation of the IfM Bonn, good practice examples for funding programs were listed: Among export financing programs, the Netherlands in particular stands out with a simplified and accelerated export credit insurance program for SMEs - 'MKB Exportversneller'. But Austria is also setting a good example by granting funding for nine selected marketing activities – 'Export Market Development Grants' (Kranzusch & Holz, 2013).

GHI already supports its members in financing issues and provides advice on funding programs. As an extended source of information and for the recommendation of other companies in the equine industry, the funding database of the German federal government, the German states and the European Union is presented in more detail in the following. Some potentially relevant and useful funding programs for GHI, its network and other equine industry enterprises are listed to obtain an idea for the scope of such funding programs.

5.3.1 Funding programs of the German Federal Government, German States and the European Union

The German Ministry for Economic Affairs and Energy runs an online funding database in which companies, private individuals or institutions can search for the most suitable funding program for their requirements. Under a keyword search and possible filters, the research is easy to implement. In addition, potential programs that might be suitable for a project can be saved in a watch list (Bundesministerium für Wirtschaft und Energie, 2020).

The funding programs are listed in portfolios, with information on the funding type, area, beneficiary and funding authority. Contact information can also be found in the portfolio of programs. In a short abstract of the funding program, interested parties can find out about the necessary preconditions, the amount and legal basis of the funding (Bundesministerium für Wirtschaft und Energie, 2020).

As GHI members are located throughout Germany, both federal and state-specific funding programs are eligible, as are EU funding programs.

For example, on a federal level, the BMEL Export Promotion Program may be of interest to GHI companies. The Federal Ministry of Food and Agriculture (BMEL) subsidizes companies, associations or organizations that wish to strengthen or expand their export capabilities. The funding serves to secure or open up new international markets. Measures that are supported abroad are, for example: business trips for market research purposes, information events abroad, contact exchanges, business delegation trips, image-promoting measures, training courses and trade congresses, as well as further measures. The funding amounts up to 50% of the eligible minimum total expenditures at the value of EUR 10,000 (Bundesministerium für Wirtschaft und Energie, 2020).

Support programs of this scale can be particularly beneficial to companies in the equine industry, as extensive travel costs to foreign markets can be incurred in the export process before any expansion has even started. Programs such as these mitigate this barrier, offer financial support, and should be encouraged for GHI companies to consider.

At the federal state level, companies in Rheinland-Pfalz can apply for the funding program: Participation of medium-sized companies in foreign trade fairs (trade fair

subsidy). The ISB (Investitions- und Strukturbank Rheinland-Pfalz) subsidizes event costs of medium-sized companies for trade fairs abroad. These include trade fairs and product presentations internationally with an export focus. Joint trade fair booths with other medium-sized companies from Germany are preferred. Inter-European trade fairs can be funded with a grant of EUR 3,000 and extra-European trade fairs with a grant of EUR 5,000. However, there is a limit of a maximum of 3 trade fairs per company and year (Bundesministerium für Wirtschaft und Energie, 2020).

Especially in phases before the actual market entry or to maintain an image abroad, trade fairs are a convenient platform to present oneself as a company. However, advertising material and the professional presentation of a trade fair booth are often cost-intensive. Funding programs, such as the last one explained, are therefore a welcoming financial support.

There are also international support programs that are subsidized by the European Commission, for example. One of the most notable is Horizon Europe. With a budget of EUR 95.5 billion, the Commission provides a research and innovation program until 2027. But also numerous other programs, which are more suitable for the scope of the equine industry, can be found in the Funding and Tender portal of the European Commission. Companies can access an Eligibility Checker to check the funding requirements that need to be fulfilled. Video recordings and webinars support the application process for companies and make thus the submission processes easier (European Commission, 2018).

As diverse as the companies and their requirements are, so are the funding opportunities and ranges of the programs. In addition to the above-mentioned public funding options, there is also funding from private banks and commercial credits. The optimal solution for GHI companies and also others in the equine industry, must therefore be carefully evaluated to decide whether and if so, which funding program is most lucrative for a company. GHI as a network can assist with an advisory function, but can also become active as a network itself, for example, when it comes to cooperation funding options – like the second pillar recommends for International Development.

6 Conclusion

Through increasing globalization and the resulting inevitability of internationalization forms in small and medium-sized enterprises of all industries, this thesis examined in detail the growing equine industry, in order to devise and recommend strategic solutions for a successful international development as well as exportability of this industry and their companies, also with regard to the future.

The horse industry has always been and still is a significant and strong economic sector, whose development is moving towards the orientation of a sports, leisure, entertainment and services and must expand internationally through its growth in size and quality. Through the presented In-Output analysis at the beginning of this thesis, the importance of the equine industry on the overall economy was clarified through empirical and macroeconomic figures.

In order to comply with the comprehension of international development, it was first necessary to introduce internationalization as a process and to list intentions, like market development, securing and access to resources as well as cost reduction reasons, for expansion or development abroad.

The own company reflection is a crucial process that companies have to endure in order to be able to analyze current situations and to define the objectives so that an internationalization can be initiated successfully. The distinction between new market entrants and internationally developed companies, enables the current position evaluation of companies and provides an overview of the internationalization stages that can still follow once a successful foreign market entry has been accomplished.

The explanatory reference to possible criteria and success factors for internationalization, in which quantitative and qualitative factors are equally decisive for success, offered an outlook on the analysis part of this thesis.

Representing many companies in the horse industry and as the core of this thesis stands GHI - German Horse Industry Consulting GmbH. GHI is a network with the market leaders of Germany, from their respective product sectors, such as horse transporter

manufacturers, feed manufacturers, or horse walkers and stable builders. GHI serves the jointly strengthened market penetration and support in internationalization forms, especially in extra-European markets. In close cooperation, also in the form of a comprehensive interview with the managing director Ina Gläßer, the current performance of the network could be precisely analyzed and set up. This detailed overview of the GHI business environment and its interactions with members, the technical internal tools, like the GHI internal, but also practical examples from international experiences, provided the basis for the development of two strategic approaches.

These strategic approaches formed the second part of the thesis, which resulted from internationalization methods adapted to the GHI and its companies in the equine industry.

One of the two strategic approaches is the Exportability Strategy, in the form of dealing successfully with trade barriers. From a theoretical approach and based on empirical metrics like the Swiss Formula, the most desirable strategy from a global perspective is a liberalization of all trade barriers. However, since this general liberalization is complex to apply globally, the trade barriers, such as conventional tariffs, but also the non-tariff barriers, like quotas, restrictions and other fees, were analyzed and evaluated in detail to provide a better basis of information. This information basis serves mainly to increase the attention for equine industry companies and as an extended foundation for the GHI as a network.

For the further analysis Extra-European examples were chosen, which are or could be of special relevance for the GHI companies in future internationalization processes.

America was selected as a country with a multitude of import regulations, high bureaucratic effort undertakings and costly tariffs that represents trade barriers on a large scale. Also the regulatory entanglements of country-of-origin regulations hinder trade if there is not a sufficient information base. Specifically for GHI members, product import regulations for feed turned out to be particularly complex. An extensive analysis and identification of these barriers, as well as a reference to possible programs and support systems, like the special recommended and recently introduced VQIP - Voluntary Qualified Importer Program, for export purposes to the U.S., serves as a strategic concept to ensure and promote exportability.

Russia was chosen as another Extra-European example, with particular relevance for GHI and horse industry companies. After some trade liberalizations due to WTO accession, Russia became a more attractive trading partner internationally. It could be identified and evaluated that Russia still has existing trade barriers in the form of high quotas, import regulations such as recycling fees and numerous EU disputes. In addition, because of political fluctuations and corruption allegations, the country should be handled with caution when considering exports. Governmental programs, as well as programs of internationally recognized organizations, were advised as strategic options and solutions for managing trade barriers.

As a second strategic approach, a three-pillar model developed by the author was established, which can be utilized within the GHI network to expand the international development of the members and also of the network itself.

Based on the research results of this thesis, the pillars communication, network cooperation and co-financing were elaborated. In the context of the communication approach, both technical improvement proposals, such as the introduction of a B2B direct communication channels within the GHI internal, and interpersonal improvements are proposed as strategic recommendations for action. The latter include professional, cross-cultural workshops that can be offered to GHI companies on a quarterly or semi-annual basis. Through improvements in negotiation strategies with foreign trading partners, international development can be strengthened and further developed. The second approach is network cooperation. Here, FGHS Netherlands and Pôle Hippolia in France were analyzed as networks in more detail and evaluated as strategic partners for GHI. Network expansions allow GHI new contact pools, as well as innovation and knowledge exchanges. Co-funding as a third approach is suggesting several federal, state and European Union programs that can be targeted as internationalization support for GHI companies.

In summary, if there is a sufficient knowledge base about the export barriers outlined in this thesis and companies in the equine industry and especially in the GHI proceed strategically to manage them, a successful ability to export can be ensured. This also applies to the recommendations of the established pillar model on GHI network level, for a successful international development of the equine industry.

References

- Al-Aali, A., Randheer, K., & Hasin, S. (2015). Do the subcomponents of country of origin trigger purchase intentions? A conceptual model of consumer perceptions. *International Journal of Commerce and Management*, 25(4), pp. 627-640. doi:<https://doi.org/10.1108/IJCoMA-05-2013-0047>
- Backes-Gellner, U., & Huhn, K. (2000). Internationalisierungsformen und ihre Bedeutung für mittelständische Unternehmen. In J. Gutschmann, & R. Kabst, *Internationalisierung im Mittelstand - Chancen, Risiken, Erfolgsfaktoren* (pp. 176-191). Wiesbaden: Gabler.
- Bartos, N., & Szatmári, Z. (2020). Setting the Scence: Global Trade and Customs: A Practical Comparison of Major Jurisdictions. In Z. Szatmári, *Global Trade and Customs: A Practical Comparison of Major Jurisdictions* (pp. 2-3). IBFD Publications USA, Incorporated.
- Beghin, J. (2006). *Nontariff Barriers*. Iowa State University, Center for Agricultural and Rural Development. Iowa: Iowa State University. doi:10.22004/ag.econ.18436
- Bundesministerium für Wirtschaft und Energie. (2020). *BMEL-Exportförderprogramm: Bundesministerium für Wirtschaft und Energie - Förderdatenbank*. Retrieved May 04, 2021, from Bundesministerium für Wirtschaft und Energie - Förderdatenbank: <https://www.foerderdatenbank.de/FDB/Content/DE/Foerderprogramm/Bund/BMEL/bmel-exportfoerderprogramm.html>
- Bundesministerium für Wirtschaft und Energie. (2020). *Home: Förderdatenbank*. Retrieved May 04, 2021, from Bundesministerium für Wirtschaft und Energie - Förderdatenbank: <https://www.foerderdatenbank.de/FDB/DE/Home/home.html>
- Bundesministerium für Wirtschaft und Energie. (2020). *Teilnahme mittelständischer Unternehmen an Auslandsmessen (Messezuschuss): Bundesministerium für Wirtschaft und Energie - Förderbank*. Retrieved May 04, 2021, from Bundesministerium für Wirtschaft und Energie - Förderbank: <https://www.foerderdatenbank.de/FDB/Content/DE/Foerderprogramm/Land/Rheinland-Pfalz/teilnahme-mittelstaendischer-unternehmen.html>
- Bußmann, U., Schweighofer, S., & Panz, R. (2014). 4. Networks. In U. Bußmann, S. Schweighofer, & R. M. Panz, *Organisational Cultures: Networks, Clusters, Alliances* (pp. 2-19). Hamburg: Anchor Academic Publishing.
- Cellich, C. (2021). Overview of Global Business Negotiations. In C. Cellich, *Creative Solutions to Global Business Negotiations, Third Edition* (pp. 3-10). USA: Business Expert Press, LCC.

- Cutura, B., & Kraus, S. (2005). *Internationalisierung von KMU - Am Beispiel des Markteintritts in die Republik Kroatien*. Dr. Kovac Verlag.
- DIHK. (2019). *Auslandsinvestitionen 2019*. Deutsche Industrie- und Handelskammertag e.V, Industrie- und Forschungspolitik. Berlin: DIHK; IHK. Retrieved February 16, 2021, from <https://www.dihk.de/de/themen-und-positionen/internationales/auslandsinvestitionen-in-der-industrie-3368>
- Eastwood, S., Jensen, A.-L. R., & Jordon, A. (2006). *Business Management for the Equine Industry*. UK: Blackwell Publishing Ltd.
- EurAsEC. (2021, April 22). *History: EurAsEC - EURASISCHE WIRTSCHAFTSGEMEINSCHAFT*. Retrieved from EurAsEC - EURASISCHE WIRTSCHAFTSGEMEINSCHAFT: <http://www.evrazes.com/about/history>
- European Commission. (2013, October 11). *WTO cases: WT/DS462 - Russian Federation- Recycling fee on motor vehicles*. Retrieved April 4, 2021, from European Commission: Trade: <https://trade.ec.europa.eu/wtodispute/show.cfm?id=574&code=1>
- European Commission. (2014). *EU Requests WTO Consultations with Russia concerning Anti-Dumping Duties on Light Commercial Vehicles*. Press Release, Brussels. Retrieved March 10, 2021, from https://ec.europa.eu/commission/presscorner/detail/de/IP_14_590
- European Commission. (2016, April 7). *WTO cases: WT/DS479 - Russia — Anti-Dumping Duties on Light Commercial Vehicles from Germany and Italy*. Retrieved April 4, 2021, from European Commission: Trade: <https://trade.ec.europa.eu/wtodispute/show.cfm?id=614&code=1>
- European Commission. (2018). *Funding & tender opportunities - Single Electronic Data Interchange Area (SEDIA): How to participate*. Retrieved May 04, 2021, from European Commission: Funding & tender opportunities - Single Electronic Data Interchange Area (SEDIA): <https://ec.europa.eu/info/funding-tenders/opportunities/portal/screen/how-to-participate/how-to-participate/1>
- European Commission. (2020, September 23). *Trade: Policy: Trade barrier investigations*. Retrieved April 20, 2021, from European Commission: <https://ec.europa.eu/trade/policy/accessing-markets/dispute-settlement/trade-barrier-investigations/>
- European Commission. (2021, April 20). *Access2Markets: My Trade Assistant*. Retrieved April 20, 2021, from European Commission: <https://trade.ec.europa.eu/access-to-markets/en/home>

- European Commission. (2021, April 20). *Toolbox-About Access2Markets: Welcome to Access2Markets to Market Access Database users*. Retrieved April 20, 2021, from European Commission: <https://trade.ec.europa.eu/access-to-markets/en/content/welcome-access2markets-market-access-database-users>
- European Parliament . (n.d.). General Overview of Active WTO Dispute Settlement Cases involving the EU as complainant or defendant and of active cases under the trade barriers regulation - Russia. Retrieved April 10, 2021, from https://www.europarl.europa.eu/meetdocs/2014_2019/documents/d-ru/dv/dru_20150120_06/dru_20150120_06en.pdf
- Evans, R. (2015). The development and transformation of the European horse industry. In C. Vial, & R. Evans, *The new equine economy in the 21st century* (pp. 13-17). Netherlands: Wageningen Academic Publishers.
- FDA. (2020, November 24). *Accredited Third-Party Certification Program*. Retrieved April 15, 2021, from FDA - Food and Drug Administration: <https://www.fda.gov/food/importing-food-products-united-states/accredited-third-party-certification-program>
- FDA. (2020, March 17). *FSMA Final Rule for Preventive Controls for Animal Food*. Retrieved April 21, 2021, from FDA - Food and Drug Administration: <https://www.fda.gov/food/food-safety-modernization-act-fsma/fsma-final-rule-preventive-controls-animal-food>
- FDA. (2020, April 22). *FSMA Final Rule on Accredited Third-Party Certification*. Retrieved April 15, 2021, from FDA - Food and Drug Administration: <https://www.fda.gov/food/food-safety-modernization-act-fsma/fsma-final-rule-accredited-third-party-certification>
- FDA. (2021, January 4). *Food Safety Modernization Act (FSMA)*. Retrieved from FDA - Food and Drug Administration: <https://www.fda.gov/food/guidance-regulation-food-and-dietary-supplements/food-safety-modernization-act-fsma>
- FDA. (2021, February 11). *Food Safety Modernization Act and Animal Food*. Retrieved April 20, 2021, from FDA - Food and Drug Administration: <https://www.fda.gov/animal-veterinary/animal-food-feeds/food-safety-modernization-act-and-animal-food#top>
- FGHS. (2021). *About: FGHS*. Retrieved May 01, 2021, from FGHS - Brancheorganisatie van Sportleveranciers: <https://fghs.nl/en/>
- FGHS. (2021). *Member Benefit: FGHS*. Retrieved May 01, 2021, from FGHS - Brancheorganisatie van Sportleveranciers: <https://fghs.nl/ledenvoordeel/>

- FGHS. (2021). *Members: FGHS*. Retrieved May 01, 2021, from FGHS - Brancheorganisatie van Sportleveranciers: <https://fghs.nl/leden/>
- Fliess, B., & Busquets, C. (2006). The Role of Trade Barriers in SME Internationalisation. *OECD Trade Policy Papers(45)*. Paris: OECD Publishing.
- Gabler Wirtschaftslexikon. (2021). *Cluster - Definition: Was ist "Cluster"?* Retrieved May 03, 2021, from Gabler Wirtschaftslexikon - Das Wissen der Experten: <https://wirtschaftslexikon.gabler.de/definition/cluster-30562>
- Gabriele, M. (1984). The "made in" issue: a comparative research on the image of domestic and foreign product. *European Research*, 12(1), 5-21.
- Geyer, G., & Uriep, A. (2012). In G. Geyer, & A. Uriep, *Strategien der Internationalisierung von KMU* (Vols. HWWI Policy Paper, No. 65). Hamburg: Hamburgisches Welt Wirtschafts Institut (HWWI). Retrieved from <http://hdl.handle.net/10419/58267>
- GHI-German Horse Industry Consulting GmbH. (2021). *GHI consulting: GHI-consulting.de*. Retrieved February 26, 2021, from GHI-consulting.de: <https://www.ghi-consulting.com/ghi-consulting/>
- GHI-German Horse Industry Consulting GmbH. (2021). *Home: GHI-consulting.de*. Retrieved February 25, 2021, from GHI-consulting.de: <https://www.ghi-consulting.com/>
- Gläßer, I. (2021, February 23). Email: Vereins-und Verbandsrecht.
- Gläßer, I. (2021, January 27). Interview GHI. *Interview GHI-German Horse Industry Consulting GmbH - Introduction / Topic 3*. (I. Snellen, Interviewer)
- GPO Authenticated U.S. Government Information. (2011). Title 19 - CUSTOMS DUTIES - Sec. 1304 - Marking of imported articles and containers. *United States Code, 2006 Edition, Supplement 4, Title 19 - CUSTOMS DUTIES*. United States Code. Retrieved from <https://www.govinfo.gov/content/pkg/USCODE-2010-title19/pdf/USCODE-2010-title19-chap4-subtitleII-partI-sec1304.pdf>
- Greve, H., Rowley, T., & Shipilov, A. (2014). *Network Advantage: How to Unlock Value from Your Alliances and Partnerships*. John Wiley & Sons, Incorporated.
- Hamzaoui, L., & Merunka, D. (2006). The impact of country of design and country of manufacture on consumer perceptions of bi-national products' quality: "An empirical model based on the concept of fit". *Journal of Consumer Marketing*, 23(3), 145-155.
- Handelskammer Hamburg. (2021). „K und M“ – Konsulats- und Mustervorschriften: Vereinigte Staaten von Amerika (USA). In H. Hamburg, *„K und M“ – Konsulats- und Mustervorschriften* (Vol. 44, pp. 609-615). Mendel Verlag GmbH & Co. KG.

- Hoffmann, K. (2015). Gemeinschaft Unabhängiger Staaten (GUS), Eurasische Wirtschaftsgemeinschaft (EAWG) und Eurasische Wirtschaftsunion (EAWU). In A. Grimm, & C. Jakobeit, *Regionale Integration : Erklärungsansätze und Analysen zu den wichtigsten Integrationszusammenschlüssen in der Welt* (pp. 150-159). Nomos Verlagsgesellschaft.
- IBM Redbooks. (2005). Business-to-Business concepts. In I. Redbooks, *B2B Solutions using WebSphere BI Connect Version 4.2.2* (pp. 3-5). IBM.
- IHK. (2010). *Internationalisierungsstrategien des Mittelstands - Eine Untersuchung der IHK Bochum*. Bochum: Buersche Druckerei Neufang KG, Gelsenkirchen.
- IPSOS. (2005). Horse in Germany. German Riding Association.
- Jaffe, E., & Israel, D. (2006). National Image and Competitive Advantage. In *The Theory and Practice of Place Branding* (p. 86). Samfundslitteratur.
- Jahn, G., Schramm, M., & Spiller, A. (2005). The Reliability of Certification: Quality Labels as a Consumer Policy Tool. *Journal of Consumer Policy*, 28, pp. 53-73.
- Jansen-Jentgens, I. (2021, April 14). Horse trade developments - USA . (I. Snellen, Interviewer)
- Jørgensen , J., & Schröder, P. (2011). *Welfare Effects of Tariff Reduction Formulas*. University of Southern Denmark, Department of Business and Economics. Denmark: Blackwell Publishing Ltd.
- KfW Bankengruppe. (2008). *KfW Mittelstandspanel - Mittelstand-auch kleine Unternehmen-erfolgreich im Ausland*. Volkswirtschaft. Frankfurt am Main: KfW Bankengruppe.
- KfW Bankengruppe. (2020, October 22). *KfW Konzern research: KfW Mittelstandspanel 2020*. Retrieved February 14, 2021, from KfW Bankengruppe: <https://www.kfw.de/PDF/Download-Center/Konzernthemen/Research/PDF-Dokumente-KfW-Mittelstandspanel/KfW-Mittelstandspanel-2020.pdf>
- Kranzusch, P., & Holz, M. (2013). *Internationalisierungsgrad von KMU: Ergebnisse einer Unternehmensbefragung*. Research Report, Institut für Mittelstandsforschung, IfM-Materialien, No. 222, Bonn. Retrieved February 16, 2021, from <http://hdl.handle.net/10419/88547>
- Kruse, P. (2009). *Internationalisierung der Absatzmärkte für kleine und mittelständische Unternehmen*. University Graz, Retailing and International Marketing. Graz: Gabler Research.
- Lee, E. (1966). A Theory of Migration. *Demography*, III(1), pp. 47-57. Retrieved February 14, 2021, from <http://www.jstor.org/stable/2060063>

- Leontief, W. (1966). *Input-output economics*. New York: Oxford University Press.
- Lexa, C. (2021). *Fit für die digitale Zukunft - Trends der digitalen Revolution und welche Kompetenzen Sie dafür brauchen*. Wiesbaden: Springer Fachmedien Wiesbaden GmbH.
- Liljenstolpe, Ph.D. C. (2009). *Horses in Europe*. EU Equus, Department of economics. Uppsala: Swedish University of Agriculture Sciences (SLU).
- Lindberg, G., Spissøy, A., & Surry, Y. (2015). Input-output analysis of the Swedish and Norwegian horse sectors: modelling the socio-economic impacts of equine activities. In C. Vial, & R. Evans, *The new equine economy in the 21st century* (pp. 33-43). Netherlands: Wageningen Academic Publishers.
- Linjuan Men, R., & Bowen, S. (2017). *Excellence in Internal Communication Management*. New York: Business Expert Press, LLC.
- Love, P., & Lattimore, R. (2009). *Protectionism? Tariffs and Other Barriers to Trade. International Trade: Free, Fair and Open?* Paris: OECD Publishing.
- Luning, P., Marcelis, W. J., & Jongen, W. (2002). *Food Quality Management: A techno-managerial approach*. Wageningen: Wageningen Press.
- Luptáčík, M., Mahlberg, B., Koller, W., & Schneider, H. (2008). *Growth and Employment Potentials of Chosen Technology Fields* (Vol. II). AUCO Czech Economic Review. Retrieved from <https://ssrn.com/abstract=1505953>
- Mehra, P. (2014). Chapter 8: Communication Skills in International Business Negotiations. In P. Mehra, & D. DuFrene (Ed.), *Communication beyond Boundaries* (pp. 119-129). New York: Business Expert Press, LLC.
- Methenitis, W., & Brown, L. (2020). Chapter 3: United States. In Z. Szatmári, *Global Trade and Customs: A Practical Comparison of Major Jurisdictions* (pp. 109-150). USA: IBFD Publications USA, Incorporated .
- Molyneux, A. (2013). *Foreign Trade Barriers to U.S. Exports - Significant Markets and Policies*. Nova Science Publishers, Incorporated. Retrieved April 23, 2021, from <https://ebookcentral.proquest.com/lib/hs-niederrhein/detail.action?docID=2145913>
- Moussa, S., & Touzani, M. (2008). The perceived credibility of quality labels: a scale validation with refinement. *International Journal of Consumer Studies*, 32, pp. 526-533.
- Murphy, M., & Sashi, C. (2017). *Communication, interactivity, and satisfaction in B2B relationships*. USA: Elsevier Inc. doi:<http://dx.doi.org/10.1016/j.indmarman.2017.08.020>

- News: *ProPferd.at*. (2015, June 14). Retrieved February 5, 2021, from ProPferd.at: <https://www.propferd.at/main.asp?VID=1&kat1=87&kat2=644&NID=2708#:~:text=Insgesamt%20leben%20in%20den%20EU,und%20besch%C3%A4ftigt%20insgesamt%20896.000%20Menschen.>
- Pan, T. K., & Karmakar, M. M. (2020). *Principles and Practice of Management and Business Communication*. India: New Central Book Agency (P) Ltd.
- Pôle Hippolia. (2021). *About us: Pôle Hippolia - Recherche et Innovation Équine*. Retrieved May 03, 2021, from Pôle Hippolia - Recherche et Innovation Équine: <https://pole-hippolia.org/en/about-us/>
- Pôle Hippolia. (2021). *Partners: Pôle Hippolia - Recherche et Innovation Équine*. Retrieved May 03, 2021, from Pôle Hippolia - Recherche et Innovation Équine: <https://pole-hippolia.org/en/partners/>
- Pôle Hippolia. (2021). *Project Support: Pôle Hippolia - Recherche et Innovation Équine*. Retrieved May 03, 2021, from Pôle Hippolia - Recherche et Innovation Équine: <https://pole-hippolia.org/en/project-support/>
- Pôle Hippolia. (2021). *The Horse Industry: Pôle Hippolia - Recherche et Innovation Équine*. Retrieved May 03, 2021, from Pôle Hippolia - Recherche et Innovation Équine: <https://pole-hippolia.org/en/the-horse-industry/>
- Renard, M.-C. (2005). Quality certification, regulation and power in fair trade. *Journal of Rural Studies*, 21, pp. 419-431.
- Schulte, A. (2002). *Das Phänomen der Rückverlagerung: Internationale Standortentscheidungen kleiner und mittlerer Unternehmen*. University Dortmund, Germany, International Management. Wiesbaden: Gabler. Retrieved February 16, 2021, from <https://books.google.fi/books?id=KmUGBgAAQBAJ&pg=PA26&lpg=PA26&dq=Genetisches+Modell+Mei%C3%9Fner+und+Gerber&source=bl&ots=YfC8dNdSl&sig=ACfU3U1MSvmjHWDInFdxE5H9cYwdjViD5g&hl=de&sa=X&ved=2ahUKewiX4L6w6O3uAhWjAxAlHYsoBmAQ6AEwAHoECAQQAg#v=onepage&q=Genetis>
- Statistisches Bundesamt. (2011). *Ausgewählte Ergebnisse für kleine und mittlere Unternehmen in Deutschland 2009*. Wiesbaden.
- Stroud, R. (2014). Agricultural Trade - Sanitary, Phytosanitary and Technical Barriers. In R. Stroud, *Agricultural Trade - Sanitary, Phytosanitary and Technical Barriers* (Vol. Agriculture Issues and Policies). Nova Science Publishers, Incorporated. Retrieved April 21, 2021, from <https://ebookcentral.proquest.com/lib/hs-niederrhein/detail.action?docID=2119790>
- TNN. (2006). *News: What is the Swiss formula at WTO?* Retrieved from The Economic Times: <https://economictimes.indiatimes.com/news/economy/foreign-trade/what-is-the-swiss-formula-at-wto/articleshow/1762151.cms>

- U.S. Customs & Border Protection. (2021, April 19). *Information Center: Top Import/Export Topics - Column 1 / Column 2 / MFN / NTR - Countries the U.S. can do business with*. Retrieved from U.S. Customs and Border Protection: https://help.cbp.gov/s/sidebar-top-5-import?language=en_US
- UNCTAD. (2020). *About: TRAINS online*. Retrieved April 27, 2021, from United Nations Conference on Trade and Development - Trade Information Section: <https://trainsonline.unctad.org/about>
- Usua, N. (2016). Chapter 2: Theories and Principles of Intercultural Communication in a Globalizing World. In N. Iheanacho, *Intercultural Communication & Public Policy in Nigeria* (pp. 38-47). Port Harcourt, Nigeria: M & J Grand Orbit Communications Ltd.
- Worley, C. G. (2013). Building Networks and Partnerships - Organizing for Sustainable Effectiveness Ser. In P. H. Mirvis, A. B. Shani, W. C. G., & C. G. Worley (Ed.). Emerald Publishing Limited.
- WTO-World Trade Organization. (2021, April 13). *Analytical Index*. Retrieved from Customs Valuation Agreement (Implementation of Article VII of the GATT): https://www.wto.org/english/res_e/publications_e/ai17_e/gatt1994_art7_gatt47.pdf
- WTO-World Trade Organization. (2016). *WT/TPR/S/345: Trade Policy Review - Report by the secretariat - Russian Federation*. WTO-World Trade Organization. Retrieved from https://www.wto.org/english/tratop_e/tpr_e/s345_e.pdf
- WTO-World Trade Organization. (2017). *WT/DS479/R: Report of the panel: RUSSIA - ANTI-DUMPING DUTIES ON LIGHT COMMERCIAL VEHICLES FROM GERMANY AND ITALY*. WTO-World Trade Organization. Retrieved April 10, 2021, from <https://docs.wto.org/dol2fe/Pages/SS/directdoc.aspx?filename=q:/WT/DS/479R.pdf&Open=True>

Videocall-Interview with CEO Ina Gläßer, GHI-German Horse Industry Consulting GmbH Germany
January 27th, 2021

Question 1:

What is GHI and what does it stand for?

- The idea behind the founding of the GHI was that German companies should join forces in order to be able to appear more representative abroad and also, first and foremost, to open up new markets: outside Europe, in Russia, for example, where markets were approached in very experimental ways sometimes. The idea was actually that an organizational structure should be created in order to take a look at the markets that were agreed on as a target market and that not every company should have to take this step alone and invest, e.g. in personnel resources, trade fair costs, etc.
- At the beginning, as already mentioned, there were Russia, the United Emirates or Central Asian countries in general, but also the USA. For some companies that were not yet so developed in terms of export, the neighbouring European countries were also important. And so, a few companies got together and a network was founded, in this case as a limited liability company, with an office in Thedinghausen and I was appointed as Managing Director.

Question 2:

When was the GHI founded?

- The GHI is a network that was founded in 2007.

Question 3:

How many members does GHI currently have?

- At the moment, the GHI has 13 members. This fluctuates a little at times, and a few drop out because they say that what they have now achieved with the GHI is something they want to consolidate for the time being. But there are always new members, but the base of about 10 companies that have been with us from the beginning has always remained the same. But there have also been 15 members one time.

Question 4:

How does GHI generate its sales? What is its annual turnover?

- This fluctuates a bit; it is between EUR 200,000 and EUR 250,000. On the one hand, of course, the GHI generates revenue from membership fees, but then also through services, trade fair organizations, external communication with foreign media, social media activities. There are added services that certainly theoretically an advertising

agency could also deliver, but the agencies lack the practical information of the companies. They don't have as much background information as the GHI does. The GHI companies generate a total turnover of EUR 300-400 million every year.

How much is the membership fee? Is the membership fee a flat monthly rate even if no consulting services are used?

- The membership fee is dependent on turnover. Smaller companies pay a lower fee and larger companies pay a higher fee. This starts at 300 euros a month and ends at 500 euros a month. Part of it is also trade fair organizations, trade fair participations, this is also an essential part, which has led in the past year to the fact that a turnover gap occurred. If no trade fairs take place, then no revenue can be generated, but in the previous years, which were after all 12, it has actually stabilized as I have just said.

Yes, the membership fee is a flat rate. But the membership fee also includes a service package that members receive every month, so to speak. This includes social media activities on the relevant GHI channels, where every member is represented in, every month. But this also includes the GHI blog and also the use of GHI intern. These things are included in the package, as well as the use of the GHI seal.

Question 5:

What is the organizational structure of the GHI?

- The organizational structure of GHI is a limited liability company, for good reason. In German club and association law, there is a regulation that quasi clubs and associations must be open to everyone. We wanted to determine and keep in our own hands who is allowed to become a member and who is not.

Question 6:

Is GHI listed as a business and if so, where?

- So, every GmbH, limited liability company, is listed once in the commercial register. Then GHI as a consulting company is also listed with KfW, which is the development bank for Germany, because GHI consulting is also eligible for funding in various federal states of Germany and because we also partly apply for trade fairs funding.

Question 7:

Do you plan to grow as a company itself, regardless the growth of the member network? Until when and to what extent?

- At the moment, this is not on the agenda, but in the future, the companies of the GHI are considering whether an association should be founded, and then operate as an industry association specifically for manufacturers from the equestrian sector. However, we must then ensure that we do not dilute the membership criteria too much. As these must not only be companies that have their headquarters in Germany, but there must also be a certain production range of manufacture or

value-added depth in Germany. That has yet to be decided; there are no concrete plans yet.

Question 8:

Which major companies belong to the GHI?

- So basically, the members of the GHI are industry leaders in their segment. If we take St. Hippolyt, for example, in terms of horse feed, and there are certainly larger companies, because other companies are also more broadly positioned. But specifically, in the horse feed sector, St. Hippolyt is one of the market leaders in Germany. In the vehicle sector, Böckmann is the largest manufacturer. Röwer&Rüb are of course just as important here in terms of horse walkers and stables. Then there are smaller companies that operate in niches but are then again industry leaders in their small segment, such as Activo-Med or Summerwind, which are somewhat smaller in their product groups and very highly specialized.

Question 9:

How does the GHI network function?

- By the fact that we all meet once a year when that is of course not cancelled by things like Corona. All members come together and do a two-day workshop. On the one hand, of course, the GHI has to give an account of what has been done for the members, and on the other hand, it also serves the exchange of information among the members. You also meet at trade fairs from time to time, but I would like to have them together once a year. Because they actually all know each other well, which has developed well over many years, it is actually now the case that the companies support each other. Röwer&Rüb can be mentioned here as an example: Röwer&Rüb is a stable fitter and they have customers who are currently building a riding facility or converting an existing one and their employees ask customers: "Is there anything else we can do for you? Do you still need a solarium or a treadmill or do you still need an oat crusher?" That is then also specifically queried and then the companies cross-fertilize each other. This now works very well, but it was a learning process. In the past, such things would end up on my desk. Now they all talk to each other very independently. That was also the goal, so that at some point it would work on its own. And apart from that, such matters sometimes still stay with me, for example when a partner has a new sales employee who doesn't know the others that well yet, then of course I continue to support that.

With regards to the workshop again, this is actually always a very exciting story, because we always do this in rotation at a GHI member's place. The GHI is the official host, but the workshop is hosted by a GHI member. This member then opens up the company and shows all the other members what they actually do and what the production site looks like. So, there is a production site tour and a larger workshop discussion topic is always chosen beforehand. One year it might be "How do we deal

with social media?" or "How can we improve our press relations? How can we get more exposure, get more press coverage, for our press release?" Next year, it's "How can we network more closely in terms of sales? What would corporate communications within each member company need to look like to achieve this?" We work our way through all the corporate issues. This sometimes involves personnel-, and also very profound matters.

Question 10:

How many international collaborations exist with GHI members?

- Part of GHI's job is to find partners and distributors abroad, so it's always first and foremost about selling. And that's where the companies come up to me and tell me, for example: "I am now in the Netherlands, in Austria, in Denmark, so in all these countries I'm now well positioned, now I would like to make the next step and I am looking for a partner in the UK." But that's always very individual. The UK may be currently with the Brexit a bad example, but it is still a relatively large equestrian market and therefore, of course, even after the exit of the European Union of Great Britain, still a topic. And then I activate my network and look for an appropriate partner for the company. Depending on the size of the country, sometimes several countries are considered.

It may be worth noting that an international sales representative or even an agent usually cannot live on GHI alone. That's another story when I look at something like Böckmann.

A horse trailer dealer is a horse trailer dealer, he usually does not much more. In Spain, for example, an agent could not live from Röwer&Rüb alone, because the market is too limited. He needs several products that he can sell in order to make ends meet. And then I put together a package for such people with companies for which they can work that fit together well. So, if these are pure capital goods, then it is, for example, the stable fitter and the one with the solariums and the one with the oat crushers: a portfolio that fits well into their project business. Or if someone is interested in animal feed, then we are back in the consumer goods sector, where the subject of stable bedding also fits in. This has to be put together in such a way that it is interesting for people and that they can make a good living from it. Then they will stay for long-term.

Question 11:

How does the member selection process work? What are the criteria?

There are several member selection criteria. The first point would be: they have to be companies with *production location in Germany*. In other words, at least 70% of the value chain should be located in Germany. Then the companies must be economically sound. So, even before they become members, they have to show me their last three balance sheets. They do that, and there is a great deal of trust. We make a confidentiality agreement in advance, and then they also have the confidence that everything will proceed in an orderly manner with the appropriate confidentiality.

What is certainly also part of this is *product quality* and *quality management*. Under certain circumstances, the effects of a mistake made by one member can spread through the entire network. That is why you have to make sure that the companies really fit together in terms of quality standards. Then the companies should be *strong in research and development*. It is also important to look at what innovations they have brought to the market in recent years.

Then, do *sales and production* fit together? Or are there difficulties with delivery times? This connection must simply fit and be efficient. How is the *communication* within the company? I also go into the companies and have permission to talk to employees. What is the external communication like? That's an essential point as well. *Delivery reliability* is a key point. I also actively approach customers. They are made available to me for this purpose. But I'm also on the move a lot, and when you're out and about in the equestrian market, you hear a lot and can get an impression about companies from people who don't know that you're looking specifically for information about a company.

Exportability is also a significant point. The companies receive a lot of support, especially when it comes to entering third countries, apart from the EU, and how they can enter them. But they have to be able to export and they have to master the logistics. Because at the end of the day, that's the core of the GHI, it's about export supply for the companies.

And then, of course, there is also the handling of customers. How is that, for example, in the area of complaints processing, the whole area of aftersales service, customer service, customer satisfaction, it just all has to be right.

Question 12:

Is there a form that prospective members must fill out? What does this look like?

- Yes, we do have a form for potential members, which want to apply for membership. There is additionally a question into the network if a company is interested in a membership. I usually know the companies that are active in Germany and can assess them relatively well in advance. But basically, there is always an information given to the network: Company XY is interested in a membership, does anyone have an approach that would speak against it? Normally, all members respond to this. Some may not know the companies, others say it's possible, there's nothing to be said against it. Or there is indeed something against it, which saves a lot of work for me then.

The admission process can be fast, it depends on how fast I can get into the company and how flexible the entrepreneurs are to make this possible. So, the audit and the company visit, those are the crucial aspects of how quickly an admission takes place.

Question 13:

Do companies submit membership applications, or do you also actively seek out and approach new members?

- Both happens. Most of them actually got along on their own. But I also approached 2 or 3 and said, well, especially at the beginning, when nobody knew about the GHI,

of course I also actively approached companies that I knew would fit well into the system, and those that I actively approached are still active members, even if some came only after a few years.

Question 14:

Are there any members that you reject outright (also not an option for GHI Friends)? Do you have an example of why?

- Yes, within a GHI membership, companies are assured that they have industry exclusivity. If I talk about market leaders and say that one of them is number 1 in the market and I would like to have it in the GHI, then it can only be that one. And if now, for example, a competitor of Böckmann would come and say, I would like to become a member, then this would not be possible. Not even for the GHI Friends. Within the parallel Friends program there can also be no competition to a GHI member.

-

Question 15:

What are GHI Friends?

GHI Friends are non-exclusive members. The industry exclusivity is only for the members. We created the GHI Friends to expand the network, to include things where industry exclusivity doesn't make sense. For example, with architects. Foreign clients come to us, who are planning a project but are not yet ready, except of owning land, and they need an architect who is versed in planning equestrian facilities. So not every architect can design an equestrian facility. Some do try, but it's good that there are specialists. This is very much a matter of taste because there are architects who can plan very straight and simple facilities that are very efficient to work on. And then there are those who do very exclusive, fancy things, and then there are also those who lay in between.

I then talk to these customers on the phone when they come from abroad, because you can't necessarily see them all the time. If you meet them at trade fairs, that's different, because you have direct personal contact. But over a phone call you can quickly find the right architect as well. Since this is purely a matter of taste or philosophy, as with equestrian flooring, for example, we have therefore decided not to make certain areas exclusive, because it is simply too specific what the customers want. You just have to be able to stay more differentiated and that's why we've verified certain things as non-exclusive that way. This is not based on my own decision but is discussed within the network as how to handle this.

Question 16:

What added value does GHI derive from GHI Friends , what added value does GHI Friends derive from GHI?

- The GHI Friends also pay a membership fee. This is as high as the smallest GHI contribution, i.e. 300 euros per month. In return, they have their own logo that they

can use, which is the GHI logo, but not the seal. Under this logo is then added: network. The GHI Friends are only allowed to use that, but not the seal. The GHI Friends should also be an enrichment for the network itself. This can be e.g. companies that are located somewhere in Europe. Let's take Duralock for example, they produce fences. These are fences for which there is no manufacturer in Germany. Such systems are not available in Germany because Duralock originally came from the racing sector and this sector is relatively underdeveloped in Germany because we do not have a strong racing industry here. As a result, we also accept companies that fit our quality and production requirements, although the company does not necessarily have to be headquartered in Germany. However, these companies then fit quite well into the system as a whole and of course have the advantage that they have access to interesting customers via the GHI member network. So, for GHI Friends there is an operational advantage. And for GHI itself, the advantage is that we can position ourselves more broadly. That we can expand the range of services for our potential customers in such a way that we can say we don't have certain things in Germany but can recommend them from abroad. The customer is then satisfied and still gets his all-round carefree package and knows that he is also getting a company that is trustworthy. The audit for these companies is the same as the one for the GHI members prior to the admission. I also look at the production sites so that potential customers can be sure that they are in good hands.

Question 17:

Was GHI Friends introduced from the beginning or was there an impetus to create GHI Friends?

- The GHI Friends were founded later and exist since 2012. We had the situation that several architects asked whether they could become members. And then I had this dilemma that I thought, they are so different in their business, that's actually not a good idea to allow them to become a GHI member. Then I talked to the shareholders and the members about it and we decided that the GHI Friends would be a good idea. We had the same issue in terms of horse trainers and riders, where some of them also wanted to become members, and there, too, it was problematic to give them an industry exclusivity, as there were so many of them. So, developing GHI Friends was actually the most appropriate thing to do.

Question 18:

What is GHI internal?

- GHI internal is a platform where GHI members can get background information on specific markets. This platform is constantly growing. On the one hand, there is the section "worth knowing", where the members can find market situations or country analyses, where you can see how individual equestrian countries are developing. Or

also how big is a market, so that one can estimate, is it worthwhile to enter the market there?

Data is also collected on how much equestrian sport actually takes place. Only the information on how many horses there are relatively meaningless, because there are countries where there are very many horses. Though these are working horses and we don't have any products for them. So, we need the sport riders or the ambitious leisure riders who actually have their horses in stables and need a bit more equipment. We have made this experience in Argentina, for example. There are a few Nations Cup teams from Argentina, and we thought that the equestrian sport should be well developed there, because there is also an equestrian fair in Buenos Aires, to which I also attended: with the result that it is not a market for us at all. It is in fact a working horse market and almost only working horses present themselves there, with their breeders. Argentina is a country where horses are still transported on a wooden plank open on a truck, so horse trailers would be absurd there. The market for the actual equestrian sport is very small there and the niche riders, mainly show jumpers and cross-country riders, are all stationed abroad and do not ride in Argentina themselves at all.

This was a realization that had to be tried out. But this also makes it easier, of course, for the GHI to go ahead once again and first get an overview of how the market is developed, instead of each company finding out about the market individually. This would cause high individual costs with little benefit for the companies.

Question 19:

Can only members access GHI intern, or also GHI Friends?

- No, GHI Friends do not have access to GHI intern. GHI intern is an exclusive platform for members, which includes databases that contain very important and valuable contacts and this data is used, especially in the B2B area. If a partner from the GHI Friends program is interested in such a database, he can buy it. But he does not get it for free.

Question 20:

How are these databases organized?

- The databases are arranged both country-specific and industry-specific. For example, there is a database with horse businesses in Germany, it includes about 3,500 horse businesses that we have in Germany, with complete contact information: contact persons, with email addresses, phone numbers, addresses, the complete program. If available also with websites. And of course, there are also databases for different countries. Then there are databases about equestrian sports dealers, also sorted by country. Then there are databases about horse clinics and therapy centers. Then there is a database of companies that build riding facilities, i.e. construction companies specializing in riding facilities. Then there is a database of riding surface suppliers from all over the world, with over 800 contacts. Which could then be interesting, for example, for all those companies who do lighting for (indoor-)riding arenas or irrigation systems.

Question 21:

How much is GHI internal used by members for B2B communication?

- I only see on the platform itself how many downloads there are on the individual offers and there I would say, yes, they all use the GHI internal. That is the evaluation for me, so to speak. Of course, I also get feedback: Recently, for example, Summerwind developed a new solarium, which is actually specifically for therapists, therapy centers or clinics and there they first used the database for Germany. I received messages on how much feedback they had received from their contacts. So, most of them do that, although not consistently, that they give me feedback on how helpful the databases were then.

Question 22:

Is there a direct B2B communication option in GHI internal for members (chat, mailbox, or similar)?

- No, we do not have a chatgroup or mailbox system within GHI internal.

Question 23:

If not, would you consider introducing B2B direct communication in GHI internal?

- That could be done. I would have to see if Wordpress can do this, because the GHI internal website is actually a Wordpress page. I would have to see to what extent there is a tool. But that would actually be an impetus and would be interesting for the members, I think.

Question 24:

Are there restrictions on information for members within the databases, if so, what are they?

- No, so the GHI members themselves all get 100% equal access. GHI also has two shareholders, Böckmann and Röwer&Rüb, and all GHI members were clearly assured from the beginning that they are all equal. So, Böckmann and Röwer&Rüb are also treated normally, like GHI members, they have no special position. All members have the same rights.

Question 25:

What is the GHI seal and what does it stand for?

- The GHI seal is a seal of quality. Comparable with tested quality from TÜV, for example. This seal simply stands for these selection criteria, which we have also published on the website, so that every potential customer knows: A company that carries this seal fulfils various quality criteria of a company itself and its products.

Question 26:

When was the seal introduced and why?

- The seal was introduced at the beginning of 2009. So, it was primarily a wish of the members to stand out from the competition. And later it became somewhat independent in the external perception, without us actively initiating it. So that the perception at joint trade fair appearances by potential customers was also: This is a GHI member, then it is also a solid company. In other words, GHI members also benefit from the seal.

Question 27:

How did the design for the seal come about?

- That was done by a graphic designer. Then we had 5 proposals, so to speak, and the members then had the choice. It was a democratic decision how this seal looks like.

Question 28:

Are only members allowed to use the seal on websites and products?

- Only Members are allowed to use the GHI seal, GHI Friends can/ or are allowed to use the GHI Logo with the addition "Network".

Question 29:

Does the use of the seal have to be registered with you beforehand? Or does the use of the seal come with the membership?

- The usage comes with the membership, and only for the duration of membership.

Question 30:

Have you had any experience with misuse of the seal? If yes, which ones?

- Yes, there have been two cases of misuse. And there was also once a company that did not stop using the seal after the membership was terminated. But these are very small, legal processes, which are quickly settled and solved.

Question 32:

How is the seal perceived by external customers of the members?

- This is perceived very positively and that was also the reason why we decided to introduce such a seal in the first place, to make it easier for customers abroad to choose. They often don't know what reliable companies look like and which ones are not so trustworthy.

The perception was actually good and that is also at foreign trade fairs. For example, in Dubai at a trade fair, where we were attending with 8 members, and it was not possible in the situation that we were located together as an island-stand, we were a bit spread out.

Then I got the feedback from Peer Span that a customer from last year, who was with us at the GHI booth and also already had a contact with Regupol, who then came and said, "You are also in the GHI?" And after that literally didn't look at any other competitors at all.

It is already the case that the customer perception is very high, and the seal has established itself very well in terms of quality.

Question 33:

Is there an international trend of appreciation of the seal? I.e. more appreciation by foreign customers than by German customers or companies?

- The perception in the international market is definitely greater because we are much more active there. The GHI itself does not do that much in Germany. In Germany, the perception has arisen because the consumer goods manufacturers in particular also use the GHI seal on their complete packaging. For example, if 10 million bales of bedding chips are sold in Germany and the GHI seal is on all of them, then this will of course become established at some point. Or if the GHI seal is printed on all St. Hippolyt feed packaging, then this also has an enormous effect.

However, this was not planned as a targeted measure, but was actually intended more for the international market. And there the perception is such that potential customers say: "If GHI is printed on it, then it is something reliable. Then it is also *Made in Germany* and you know exactly that there is no one behind it who then sells *Made in China* after all."

Question 34:

Have you been able to gain many new customers/members through the seal in the past?

- Two companies actually came and said, what can we do to be allowed to use this seal? And then I looked at the companies and agreed to membership. In the end, it's not just the use of the seal, because these are companies with a relatively high profile, and the smaller companies can always dock on quite well. In the external perception it is so that by this seal an equivalence is created. Böckmann or Röwer&Rüb, for example, have a very high profile in the industry. And when you add Activo-Med, which has grown enormously in recent years, it is clear that the large companies have pulled the smaller companies along with them.

Question 35:

Would you consider further, more specific seal introductions (possibly for specific products; feed, horse exercisers - quality winner ranking or similar) in the future? Ex.: GHI Quality Ranking, No.1 in Germany for horse feeds

- No, because on the one hand it would confuse potential customers, and on the other hand I also don't want to counteract this equal perception by making companies stand out in particular. In doing so, I actually diminish the reputations of the other member

- companies. I find that risky, and therefore no, the introduction of further seals is out of the question.

It is primarily a matter of external perception. The members should all experience an equal value. I have direct feedback from the companies, not only with regard to the consulting component, but also within the network. Even the smaller companies sometimes need more consulting than the larger ones, which are more independent in certain areas. But the external perception should be that all companies are of equal value in terms of quality and corporate management: That is "Selective Quality". I don't want to diminish that in terms of external perception through extra seals or awards.

GHI Logo & GHI Friends Logo



GHI Friends Logo



GHI Logo

GHI Consulting Analysis - Germany



Analyse – Pferdsport als Wirtschaftsfaktor in Deutschland

- Organisation:
- FN – Deutsche Reiterliche Vereinigung
 - 17 Landesverbände
 - 27 Zuchtverbände

Zahlen und Fakten:

1.700.000 aktive Reiter, Fahrer, Voltigierer*
 8.740.000 Reitsportinteressierte*
 300.000 Menschen leben vom Pferdesport**
 1.100.000 Pferde* (60.000.000 Pferde weltweit lt. World Conservation Monitoring=UN-Erhebung)

5 Milliarden € Gesamtumsatz**
 2,6 Milliarden € durch Pferdehalter**
 119 Millionen € durch Pferdewetten****
 45 Millionen auf Auktionen der deutschen Verbände**
 500 € durchschnittliche monatliche Aufstallungskosten/Pferd

10.000 Betriebe mit Pferden und Reitern als Haupt-Geschäftsgegenstand**
 762.432 in Vereinen organisierte Reiter**
 7.589 Reit- und Fahrvereine**
 10 Haupt- und Landgestüte****
 3.474 durch die FN anerkannte Pferdebetriebe**
 4 Millionen ha permanenten Weidelandes

3.292 Turniere Kat. A + B**
 2.300.000 Nennungen zu Reitturnieren Kat. A + B**
 28.740.000 € Preisgelder**

350 Stunden TV Übertragung im Deutschen Fernsehen***

* Ipsos-Studie im Auftrag der Deutschen FN 2002

** Angaben der FN aus dem Jahr 2006

*** ARD/ZDF Sportredaktionsausschuss

****Horses in Europe (C. Liljenstolpe, Swedish University of Agriculture Sciences)

Overview GHI Databases

Übersicht GHI-Datenbanken

Abstract of GHI-Data Bases



Datenbank Data	Anzahl Kontakte Number of Contacts	Preis pro Kontakt Cost per Contact	Zusatz Information	Stand
Adressen Pferdekliniken & Therapiezentren D, AT, CH Addresses horse hospitals & therapy centers	150	0,70 €		3/2016
Adressen Anbieter Reithallenbau Architekten Planungsbueros addresses achitects, alanning offices, construction companies	68	0,70 €		11/2017
Adressen Reitplatzbau addresses Construction of equestrain surfaces	89	0,70 €		3/2018
Adressen Medien National addresses media/press Germany	81	0,70 €		2/2017
Adressen Medien International addresses media/press international	119	0,50 €	teilweise unvollständige Datensätze partial incomplet datas	1/2016
Adressen Equestrian Federations addresses Equstrian Federations worldwide	123	0,30 €		3/2014
Adressen Pferdebetriebe Deutschland addresses farms and riding clubs Germany	3437	0,70 €		2/2016
Adressen Reitsporthandel Deutschland addresses wholesalers and retailers Germany	410	0,50 €	teilweise unvollständige Datensätze partial incomplet datas	2/2017
Adressen Reitsporthandel Deutschland addresses wholesalers and retailers Germany	342	0,70 €		2/2017
Adressen Reitsporthandel international addresses wholesalers and retailers internationl	115	0,50 €	in Bearbeitung in progress	
Adressen Reitsporthandel USA addresses wholesalers and retailers USA	1095 Companies 1622 Contacts	0,70 € 0,50 €		11/2017
Adressen Equestrian Professionals USA addresses Equestrian Professionals USA	4158	0,70 €		11/2017

Services & Membership of German Horse Industry Consulting GmbH



Leistungen & Membership der German Horse Industry Consulting GmbH

1. Leistungen der GHI

a) Die German Horse Industry Consulting GmbH (im folgenden **GHI**) erbringt für die Member ausschließlich Serviceleistungen die ihrem Geschäftszweck entsprechen. Die **GHI** versteht sich als Netzwerk für Unternehmen, die rund um den Reitsport tätig sind (siehe 2.a).

b) Die **GHI** vertritt die Member auf Auslandsmessen, sorgt für die Bekanntmachung und Stärkung deutscher Markenprodukte aus dem Pferde-Reiter-Bereich im Ausland, gibt die generierten Kontakte an die entsprechenden Member weiter, führt bei branchenübergreifende Anfragen die Partner zusammen, sorgt für die Bündelung und den Transfer von relevanten Informationen.

c) Die **GHI** gibt für ihre Member in Abständen einen Newsletter heraus, in dem über die aktuellen Ereignisse innerhalb des Netzwerkes berichtet wird, relevante politische Ereignisse betrachtet werden, marktrelevante Bewegungen diagnostiziert und gegebenenfalls analysiert werden, über neue Plattformen und Messen informiert wird.

d) Die **GHI** steht den Membern beratend zur Seite, stellt allgemeine Informationen zu Märkten und ihren Kontaktpool zur Verfügung. Weitergehende Rechercheleistungen wie z.B. spezielle Wettbewerbsbeobachtungen oder Marketingmaßnahmen für einzelne Member erfolgen gegen eine Aufwandsentschädigung gemäß der Preisliste für Serviceleistungen.

e) Die **GHI** sorgt über ihren Internetauftritt, Werbemaßnahmen im Ausland sowie Drucksachen für eine professionelle Marktbearbeitung.

f) Kontakte die über die **GHI** - Homepage oder andere Medien generiert werden, Angebote, die für die Member interessant sind sowie spezifische Anfragen, werden umgehend an den geeigneten Member weitergegeben. Die **GHI** behält sich vor Leistungen, die die Member nicht erbringen können, gegen Provision an Nicht-Member weiter zu geben.

g) Die **GHI** stellt das Siegel „Selected Quality - German Horse Industry - Member“ zur Verwendung auf den Homepages und sonstigen Werbemitteln der Member zur Verfügung. Pressemitteilungen und den Pressespiegel stellt die **GHI** zum Download auf der **GHI** Homepage zur Verfügung.

h) Die **GHI** haftet nicht für Geschäftsabschlüsse der Member. Die **GHI** ersetzt nicht die Vertriebsleistungen der Member. Die Member sind für die korrekte Abwicklung ihrer Geschäfte selber verantwortlich. Die **GHI** übernimmt keine Haftung dafür, dass alle Member ihre Vertragsbedingungen einhalten. Die **GHI** kann keine Garantie für Geschäftsabschlüsse übernehmen. Falls zwischen Membern ein Konflikt entsteht, stellen die Member die **GHI**, sowie deren Gesellschafter, Vertreter und Mitarbeiter von jeglichen Ansprüchen frei, sofern sich ein Schaden für einen Member aus diesem Konflikt ergibt.

2. Membership

a) Member können privatwirtschaftliche Unternehmen mit Sitz in der Bundesrepublik Deutschland werden, deren Haupttätigkeit die teilweise oder vollständige Herstellung von Produkten ist, die man für die Ausrüstung von Pferden und Reitern, die Haltung und den Transport von Pferden benötigt. Handelunternehmen und Dienstleister können als Member aufgenommen werden. Dasselbe gilt für Verbände, welche die Pferdesport und -zucht als ihre Kernkompetenzen betrachten. Member müssen exportfähig sein und Anfragen mindestens in englischer Sprache mündlich wie schriftlich bearbeiten können. Die **GHI** kann sich Auskünfte über die Member einholen.

b) Das Membership ist kostenpflichtig. Die aktuelle Preisliste steht Ihnen auf Anfrage zur Verfügung.

c) Im Sinne eines funktionierenden Netzwerkes geben die Member ebenfalls Informationen weiter, die für das Netzwerk oder Teile des Netzwerkes interessant sind. Z.B. Informationen über neue Auslandsmessen, Turniere mit interessanten Ausstellungen oder auch sportpolitischen Tendenzen in den verschiedenen Märkten. Diese Informationen werden bei der **GHI** gesammelt, ausgewertet und allen anderen Membern zugänglich gemacht. Die betrifft nicht sensible Auftragsstati der Member.

d) Die Member verpflichten sich zur Verschwiegenheit gegenüber Dritten. Datenbanken und Informationen, die auf **GHI** intern bereitgestellt werden dürfen nicht an Dritte weiter gegeben werden.

e) Die Dauer des Memberships beträgt 2 Jahre. Sie endet durch Wegfall der Voraussetzungen gemäß Abschnitt 2 a) und durch Austritt. Die ordentliche Kündigungsfrist beträgt 3 Monate zum Quartalsende. Wird die Mitgliedschaft nicht gekündigt, verlängert diese sich um jeweils ein weiteres Jahr.

Services & Membership of German Horse Industry Consulting GmbH



Beiträge für das Membership bei der German Horse Industry Consulting GmbH

Die GHI Member entrichten einen Jahresbeitrag gemäß umsatzabhängigem Gebührenreglement.

Zu Grunde liegt der Jahresumsatz. Daraus ergeben sich Monatsbeitrag* und Messekostenbeteiligung* pro Messe:

Jahresumsatz	Beitrag pro Monat	Beitrag pro Messe
bis 1.000.000,- €	299,- €	249,- €
bis 5.000.000,- €	399,- €	349,- €
ab 10.000.000,- €	499,- €	449,- €

Die Zahlungen erfolgen vierteljährlich, halbjährlich oder jährlich. Der gewünschte Zahlungsrhythmus sollte mit Beginn des Memberships bekannt gegeben werden. Die Zahlung erfolgt unter Angabe der Rechnungsnummer und unter Berücksichtigung des Zahlungsziels an die German Horse Industry Consulting GmbH bei der Kreissparkasse Verden IBAN: DE46 2915 2670 0012 5425 51 BIC: BRLADE21VER oder bequem per Lastschrift.

Gültig für das Kalenderjahr 2020.

.....
Ort, Datum

.....
Unterschrift, Firmenstempel

Services & Membership of German Horse Industry Consulting GmbH



Angaben zu Ihrer Unternehmung

Sie haben sich über die Leistungen der German Horse Industry Consulting GmbH informiert und möchten in das Netzwerk aufgenommen werden:

Firma/Name Sitz.....

Geschäftsadresse.....

Telefon Fax.....

E-Mail Internet

Ihre Unternehmung ist in folgenden Bereich tätig:

- | | | |
|--|---|---|
| <input type="checkbox"/> Reitsportartikel | <input type="checkbox"/> Parours Design | <input type="checkbox"/> Kunst/Fotografie |
| <input type="checkbox"/> Stalleinrichtung | <input type="checkbox"/> Transport | <input type="checkbox"/> Futtermittel |
| <input type="checkbox"/> Schmiedebedarf | <input type="checkbox"/> Gesundheit | <input type="checkbox"/> Reitplatzbau |
| <input type="checkbox"/> Pferdezucht/-handel | <input type="checkbox"/> Ausbildung | <input type="checkbox"/> Architektur |
| <input type="checkbox"/> Organisationen/Verbände | <input type="checkbox"/> Stallaccessoires | <input type="checkbox"/> sonstige..... |

Anzahl der Mitarbeiter

Sie oder Ihre Mitarbeiter beherrschen andere Sprachen außer Deutsch und Englisch?

Ihre Unternehmung hat bereits Exporterfahrung: ja / nein

Alle Angaben zu Ihrem Unternehmen werden **absolut vertraulich** behandelt, nicht an Dritte weitergegeben und nicht für Werbezwecke oder Statistiken verwendet.

Ort/Datum..... Unterschrift.....

Sie erhalten innerhalb 30 Tagen die Entscheidung zu Ihrem Aufnahmeantrag. Die Beitragshöhe hat jeweils ein Kalenderjahr Gültigkeit.

Antragsformular per Fax an:

04204-914060

Antragsformular per Email an:

ig@ghi-consulting.com

Email-Interview with Mrs. Iris Jansen-Jentgens, German-based, international operating entrepreneur in the equine industry

Wednesday 14th April 2021 19:00

1. Since when would you say, has the trade of the horse industry with the USA increased in recent years?

Basically, trade with the US has been around for many years. In my opinion, the trade has intensified again in the last ten years, as it has become easier to send good pictures and video material of the horses and thus there are more possibilities for "normal" riders to find horses here in Germany/ Europe and then also to buy them.

2. How much does it cost to transport a horse to the USA? And has the cost tended to go down, go up, or stay the same in recent years?

It depends on the gender of the horse. Geldings are the least expensive because they only have to go through a 3-day quarantine in the US. Mares stay in quarantine for three weeks and stallions even four weeks. They also have to mate a mare in a natural mating to be able to exclude further diseases. A flight for a gelding cost around 5/6 thousand euros. Stallions up to 20 and mares about 12.

3. How is this transport handled?

There are the "all inclusive" companies, they handle everything around the transport. The horse is picked up and stabled about four days before departure, and the health papers from the official veterinarian are also issued there. Then there are other companies that drive the horses directly from the home stable to the airport. In this case, the official veterinarian from the local veterinary office comes to the stable and completes the papers there. Very rarely, customs also comes to check the identity. Are there any restrictions, customs duties, etc. that must be observed? If so, which ones? This is completely taken care of by the flight company.

4. Did you already have negative experiences with exports to the USA due to restrictions e.g. ?

Fortunately, everything has always gone smoothly so far.

5. Why would you say the USA has become a popular export country for the horse trade? The USA is also on the rise in terms of sport, so equestrian sport there is also becoming more interesting for amateurs. Many German associations now have cooperation associations or subsidiary associations in the USA. In this way, the German system is more or less copied and somewhat adapted to their requirements.