

MARKET ENTRY PLAN FOR LAUNCHING PRODUCT Z IN GERMANY

CASE: Joint venture by companies X and Y



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The objective of this thesis was to create a market entry plan for launching product Z in Germany as well as to analyze the external market environment and inter factors impacting the entry. Product Z, which the thesis focuses on, is an online community platform for providing training and networks for solopreneurs in the creative industry. The research was conducted for two commissioning companies in Finland.

The theoretical section of the thesis introduced the fundamentals of internationalization, international strategies and positioning. The research was implemented utilizing a qualitative research method, and more precisely a holistic single case study, as it involved handling qualitative information and contextual conditions focused on a unique and specific case. The research was based on secondary data collection and analysis.

The research provided understanding of the beneficial factors and possibilities as well as risks related to entering the German market. Based on the market research, recommendations were introduced. The most essential notions regarded expanding the target group to solopreneurs across all industries as well as enabling completing the solopreneur training online in order to enable scaling of the product concept.

As the final output of the thesis, a market entry plan was created. The plan is focused on local collaboration, which in practice means including guest lectures by local experts to the training as well as collaborating with local entrepreneurial organizations in order to reach the target group more effectively.

Keywords Market entry, market research, internationalization, positioning.

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Työn nimi Market entry plan for launching product Z in Germany. Case: Joint venture by companies X and Y.

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Opinnäytetyön tavoitteena oli luoda vientisuunnitelma tuotteen Z lanseeraamiseksi Saksassa. Tarkoituksena oli myös analysoida Saksan markkinaympäristöä sekä toimeksiantajien sisäisiä lanseeraukseen vaikuttavia tekijöitä. Tuote Z, johon opinnäytetyö keskittyy, on yhteisöllinen verkkoalusta luovan alan yksinyrittäjille suunnatulle koulutukselle. Toimeksiantajina olivat kaksi suomalaista mikroyritystä.

Opinnäytetyön teoreettisessa osuudessa käsiteltiin kansainvälistymistä ja kansainvälisiä strategioita sekä brändin positiointia. Opinnäytetyö on tutkimuksellinen ja sen metodologisena lähestymistapana käytettiin kvalitatiivista tutkimusta. Kyseessä on holistinen tapaustutkimus, sillä tarkoituksena oli tutkia laadullista tietoa sekä tutkimusaiheeseen liittyviä asiayhteyksiä yksittäisen, määritellyn tapauksen näkökulmasta. Tutkimus perustui toissijaiseen tiedonkeruuseen ja analyysiin.

Tutkimuksen perusteella saatiin käsitys Saksan markkinaympäristön suotuisista tekijöistä ja mahdollisuuksista kuin myös riskeistä vientihankkeelle. Markkinatutkimuksen perusteella laadittiin suosituksia, joista suurimpina nousivat esiin kohderyhmän laajentaminen yksinyrittäjiin alaan katsomatta sekä koulutusten verkkopohjaisen toteutuksen mahdollistaminen skaalautuvuuden parantamiseksi.

Opinnäytetyön lopputuloksena laadittiin vientisuunnitelma, joka perustuu paikalliseen yhteistyöhön. Käytännössä tämä tarkoittaa paikallisten asiantuntijoiden vierasluentojen lisäämistä osaksi verkkoalustan koulutusta sekä yhteistyötä paikallisten yrittäjäorganisaatioiden kanssa kohderyhmän tavoittamiseksi tehokkaammin.

Avainsanat Markkinatutkimus, viennin edistäminen, kansainvälistyminen, positiointi.

Sivut 72 sivua.

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1 Introduction

The purpose of this thesis is to conduct an analysis of the external environment of Germany and create a market entry plan for two client companies to launch product Z in the German market. Product Z is a community platform offering educational content targeted to solopreneurs. The research question examined is the following: How can product Z be launched successfully in Germany?

The research problem addressed in this research is understanding the external and internal factors affecting business operation in the target market. Based on the information gathered, a concrete step-by-step market entry plan as well as recommendations for future are created. Additionally, suggestions are provided for addressing potential risks and weaknesses related to the entry as well as the product concept.

To examine the aforementioned research question, a case study is conducted due to its suitability for answering “how” questions and to study contextual conditions relevant to the research topic. The case study carried out in this thesis focuses on a unique situation and is therefore a holistic single case study. The type of the research is exploratory as it has no particular set of possible outcomes. The case study is based on collection and analysis of secondary data. (Baxter & Jack 2008)

Qualitative research was chosen as the research method for this thesis due to its descriptive nature and suitability for answering questions related to perspective. Additionally, the method is appropriate for examining information that cannot be measured or counted. (Hammarberg, Kirkman, & de Lacey 2016).

1.1 Commissioning companies

This thesis has two commissioning companies – both based in Finland and operating in the business-to-business segment. Company X, established in 2018, provides training in the fields of solution-oriented policymaking as well as entrepreneurship. One of the company's main products is a training program for solopreneurs.

The training program is executed by regional entrepreneurial organisations and communities in collaboration with educational institutions. The participants of the training receive a professional qualification in entrepreneurship or product development.

The studies are based on face-to-face training and online courses as well as mentoring. The content of the training is tailored to the individual needs of the participating solopreneurs. So far, the training program has been realized in Finland and in Fuengirola, Spain. Participants are required to send an application in order to participate the training, as the group size is limited. One participant group usually has 15 to 20 participants.

The aim of the program is to promote networking among solopreneurs and to improve their business skills, bringing stability and growth to local companies. The value in the offering lies in practicality, development of the participants' own companies and communality.

The second commissioner, company Y, is a marketing training provider, founded in 2017 as a subsidiary of a larger marketing consultancy firm. The company is run by four entrepreneurs with wide experience in the field of marketing, communications and leadership. The company was founded to provide a solution to a question, which the company's founders kept hearing from their clients: How to tell about their products, services and companies the right way?

Company Y's services are based on assisting companies gain value and improve their marketing by clarifying their identity. Their main product is an online course featuring tips and advice from 14 business professionals with different backgrounds and fields of specialty as well as exercises for applying theory in practice. Each of the eight parts takes 20 minutes to cover. Company Y's training forms a part of company X's training program for solopreneurs.

1.2 Case

The case that this thesis focuses on is a market entry to Germany by the two client companies introduced above. The firms have created a joint product concept, hereinafter referred to as product Z. Product Z is an online community platform for educational content targeted towards solopreneurs. At the beginning, the companies will focus on selling one training in the platform, targeting solopreneurs in the creative industries.

The training lasts for one year, with a kick-off and a half-way check-up session in Finland. Otherwise, the education is online-based. The training contains various content options, meaning that participants can pick and choose their training's content to fit their needs and interests. For the duration of the training, participants will keep on developing their own businesses based on the training lessons. Both client companies' entrepreneurs will act as mentors supporting participants personally throughout the training.

| Timing | Event | Purpose |
|-----------------|-----------------------------|--|
| January | Kick-off in Finland | 3-day live event for getting to know the training, the mentors and other participants and gaining inspiration and focus for the upcoming training |
| January – July | Online studies | Participants choose individually the training content best suited to their needs and interests and begin learning by developing their own businesses |
| July | Mid-year meeting in Finland | 3-day live event for providing support, solving possible common problems and networking |
| July – December | Online studies | Participants continue studying and developing their companies |
| December | Pitch & Shine | Final online review of the training's results and feedback |

Figure 1. Content and planned timetable of the training.

The pricing of the training will be decided based on competitors' prices as well as a market research questionnaire, which the client companies will perform during Autumn 2021. Participants will be responsible for flight and accommodation costs.

Company X's training program for solopreneurs, with company Y's marketing course included, is used as the basis of the product. However, the content will be modified to fit the needs of international clients. Both of the companies will contribute assets as well as share risks and profits of their common product, making the case a joint venture (Glowik 2016, 172.).

The reason behind why these two companies decided to join their forces is their joint interest in entrepreneurship, and more precisely, solopreneurship. Both of the companies' members have personal experience of being solopreneurs, which is why it makes sense for them to work together to provide better support and education in that field. Additionally, as mentioned before, company X and company Y have prior background in joint collaboration.

The clients have already agreed on the timetable for the upcoming market entry. The intention is to test product Z by conducting a pilot run of the platform's first training. The purpose is to test the products' reception in the new market environment starting from January 2022.

1.3 Choice of market

A choice was made to concentrate on a European location based on multiple reasons. First of all, micro-enterprises account for 93% of all companies in the European Union member states (European Commission 2019b). For comparison, self-employment and micro-companies form over 80% of total employment in South Asia, around 35% in East Asia and the Pacific, more than 60% in the Latin America and the Caribbean and a little under 70% in the Middle East and North America (International Labour Organization 2019, 12.).

In 2019, 3.7% of all employees in the European Union, hereinafter referred to as the EU, worked in cultural fields. This equals 7.4 million people. Out of that amount, 32% were self-employed. It is important to remember, however, that in this case study, creative industries

are defined in a much wider view than traditionally. Thus, the actual potential customer segment is larger than these statistics indicate. (Eurostat 2020a)

Europe is physically close to Finland, but it's markets also bare cultural similarities such as independent social orientation. Hence, from a cultural as well as geographic point of view Europe is a more convenient choice than for example Asian markets, which would require more effort and knowledge to enter. (Varnum, Grossmann, Kitayama & Nisbet 2010)

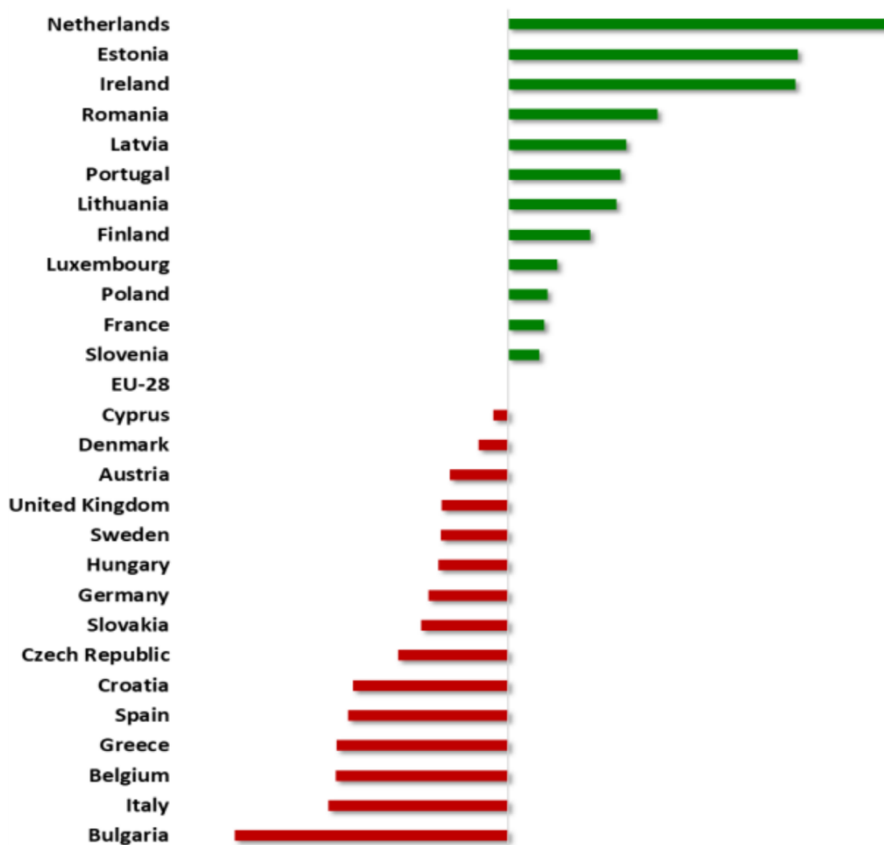


Figure 2. Entrepreneurship performance of EU member states 2018–Q12019 (European Commission 2019b)

When considering the target country, an outlook was made to the entrepreneurial performance and state of entrepreneurship education in EU countries. As shown in Figure 2, Finland's entrepreneurial performance scores well above the EU average. The author deduced that it may be advisable to focus on a country that scores below the EU average, as there is a market opportunity for entrepreneurial training in those locations. However, choosing a market from the very bottom of the chart may also prove unfavourable, as the environments are very different from the companies' home market.

When looking into entrepreneurship education at post-secondary levels, some of the same countries fall below the EU average as in the entrepreneurial performance statistics. These included countries such as Germany and Sweden (European Commission 2019a; European Commission 2019c). Germany is known for its good education, high-ranking universities and variety of valued degree programmes (Studying in Germany n.d.). Thus, it is surprising that the country seems to be lacking in entrepreneurial education.

In 2019, 4% out of German workforce was employed in the creative industries. Furthermore, 33% out of those employees were self-employed. This exceeds the EU average, and is the seventh highest score among the EU states. These statistics indicate, that in addition to a market opportunity, there is a large base of possible customers for product Z in Germany. For these reasons described, Germany was chosen as the target market for this market entry plan. (Eurostat 2020a)

2 Main concepts

The main concepts described in this thesis were chosen on the basis of their importance with regards to understanding the purpose of this market entry, as well as ensuring a clear picture of its target customers. As this research involves key terms, many of which have been given multiple interpretations, it is necessary to clarify how these terms are approached in this thesis.

2.1 Solopreneurship

The Macmillan Dictionary (n.d.) defines a solopreneur as “a business owner who works and runs their business alone.” However, the term may be approached with a wider perspective as well. The Solopreneur Institute (2019) describes solopreneurs as entrepreneurs who run a company without having any employees on the payroll. According to this view, solopreneurs may work with other and for example hire contractors. It is also highlighted that solopreneurs sometimes collaborate among each other, either in formal or informal partnerships. For example, solopreneurs located in the same area often join forces to pursue joint interests such as market research. In this thesis, solopreneurship is defined in accordance with the latter definition.

2.2 Micro-enterprises

The European Commission (2020, 4–11.) defines micro-enterprises as companies that have less than ten employees and an annual turnover or an annual balance sheet total of equal to or less than €2 million. This classification is used in all policies and measures of the European Commission, and hence, also many statistics. It is noteworthy, that businesses considered as solopreneur companies in this thesis fall under this definition as well. Additionally, the definition for micro-enterprises varies across different regions in terms of for example number of employees as well as assets and turnover (Asian Development Bank 2020, 12.). In this research, the author follows The European Commission's definition of the term.

2.3 Creative industries

There is a lack of consensus on the exact definition of creative industries globally, mostly regarding which industries should be included under the term (Mallia 2019, 11.). One of the commonly used classifications is by United Kingdom's Department for Culture, Media and Sport, which divides creative industries in the following categories:

- Advertising and marketing
- Architecture
- Crafts
- Design: product, graphic and fashion design
- Film, TV, video, radio and photography
- IT, software, video games and computer services
- Publishing and translation
- Museums, galleries and libraries
- Music, performing, visual arts and cultural education (Department for Culture, Media and Sport 2017)

The United Kingdom's government further states that creative industries are characterized by the use of one's creativity and skills as well as the ability to generate wealth and employment by creating and using intellectual property (Department for Digital, Culture, Media and Sport 2001, 4.). Notably, it has been pointed out, that this means that the sector

can also contain other than creative jobs as well as creative employment in other sectors (Oksanen et al. 2018, 9.).

On a wider approach, creative industries can be seen to include all activities creating intellectual property rights, patents and brands. According to this view, the basis of creative industries is commercializing intangible resources and capabilities. In this thesis, creative industries are defined according to this perspective. However, the statistics cited in this thesis tend to follow the more traditional definition. (Tarjanne et al. 2011, 16.)

2.4 Internationalization

In the past, internationalization has been described by Welch and Luostarinen (1988) as the process of increasing a company's commitment in international operations. According to this definition, internationalization is accompanied by development of a company's operation methods and organizational structure, product offerings, target markets, capacities and personnel as well as finance. Calof and Beamish (1995) further specify the necessity and steps of adapting a company's organisation and strategy to the international environment.

Expansion into foreign markets is often used as a means of increasing a company's activities in its industry – a process also known as the growth strategy. Market entries form a part of these expansion options. (Glowik 2016, 130–131.)

3 Theory

In order to undertake a market entry, it is essential to first understand the conditions, motives, risks as well as certain elements related to internationalization. There are aspects that need to be considered before engaging new markets, and acknowledging those issues is crucial in order for the internationalization to be successful and feasible.

As stated in the definition of internationalization by Welch and Luostarinen (1988) as well as Calof and Beamish (1995), there are various strategic choices and adaptations a company must also consider when internationalizing. Therefore, the theories explained in this study will include an introduction to these general strategic options.

Additionally, as mentioned earlier, internationalization involves adapting a company's operation methods and offerings (Welch & Luostarinen 1988). Identifying a position is an essential element of this development, as it provides the grounds for how the company for example markets its product in the new market. For the purpose of aiding in determining the positioning of product Z in the German market, information will be provided about the necessary steps of and tools for finding a position as well as the common risks involved.

3.1 Internationalisation

3.1.1 Conditions for internationalisation

Internationalization carries many benefits for companies, including amongst others new sources of profit and a greater market share as well as increased competitiveness. However, there are certain conditions that determine whether it is advisable for a company to internationalize. If a company does not possess international experience nor a strong position in its domestic market, it may not prove feasible to enter foreign markets. Furthermore, internationalization requires advance preparations in order to be successful. (Hollensen 2017, 19–20.)

Companies need a sufficient level of preparedness in order for internationalization to be a recommendable course of action. The level of preparedness is determined by the company's abilities and capabilities needed in international business. These organizational and personal factors include for example language skills, cultural adaptability as well as financial resources. Not all these capacities need to be internal resources, as long as they are available on way or another (Czinkota, Ronkainen & Ortiz 2004, 4.). (Hollensen 2017, 19.)

In addition to the aspects mentioned above, companies need to ensure they have enough information about the foreign market environment, the required foreign connections, sufficient productive capacity and access to the necessary channels of distribution. Furthermore, it is important for the company to consider that its costs will be temporarily elevated due to the internationalization process. (Hollensen 2017, 70.)

One important aspect to consider in internationalization is the level of industry globalism. An industry with a high level of globalism has a few large global companies dominating the industry and interdependencies between markets, customers and suppliers are common. This makes the competitive environment challenging for new entrants. For example, information technology software is a highly global industry. (Hollensen 2017, 19.)

3.1.2 Motives for internationalization

While gaining new sources of profit is one major driver for internationalization, in most cases, there are a variety of reasons behind a company's decision to engage in international markets (Hollensen 2017, 56.). According to Hollensen (2017, 56–57.), Dunning has divided these reasons into four groups. A company's interest for internationalization may be based on market-seeking to attain a greater customer base, efficiency-seeking to decrease overall costs and replicate a company's activities abroad or resource-seeking to gain access to assets easier and cheaper compared to the domestic market. The final category, strategic asset-seeking focused on attaining long-term strategic assets not attainable in the domestic market.

According to Hollensen (2017, 57.), motives for internationalization are twofold: proactive and reactive. The former is based on leveraging company's internal resources or market opportunities. The latter, on the other hand, means reacting and adapting to external or internal challenges. In brief, the proactive approach stems from willingness and the reactive from need (Czincota, Ronkainen & Ortiz 2004, 4.).

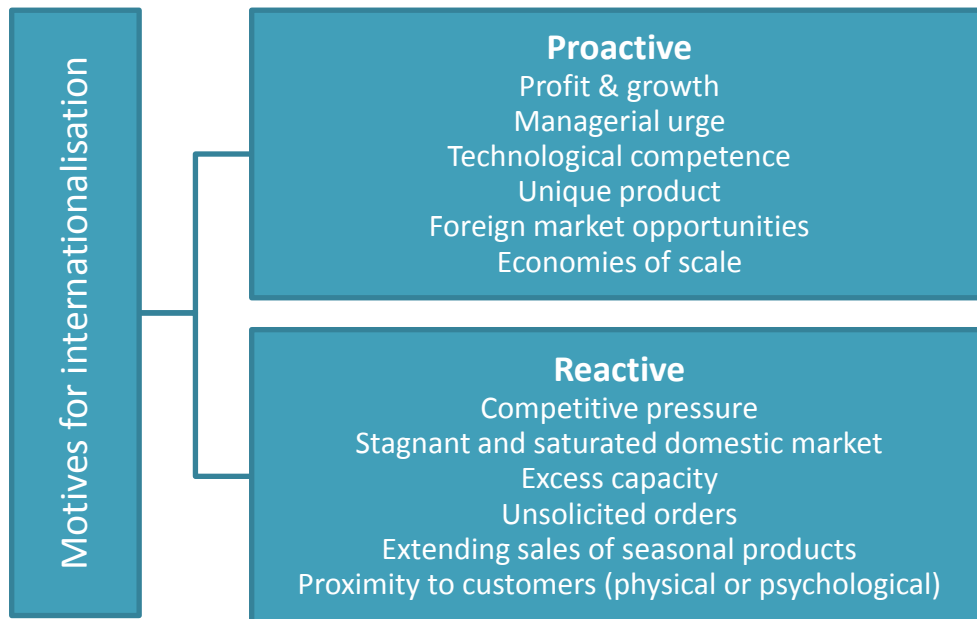


Figure 3. Motives for internationalization, after Hollensen (2017, 57.)

Companies driven mainly by proactive aspects have a better chance of succeeding in internationalization and are typically more service-oriented (Czincota, Ronkainen & Ortiz 2004, 8.). Nevertheless, especially when focusing on internal factors such as uniqueness of a product, it is important to distinguish perception from reality. What is special in one market, may not be unique in all locations. Also, any competitive advantage is unlikely to last forever, especially as innovation keeps on increasing its pace and rivals may develop their offerings to match those that have advantage. (Czincota, Ronkainen & Ortiz 2004, 5.)

Since the primary reactive motive is competitive pressure, companies often make the mistake of internationalizing too rashly. It is imperative to ensure that adequate preparations are made to avoid being forced to withdraw from foreign markets. Opposed to proactive companies, reactive firms tend to give more importance operational aspects. (Czincota, Ronkainen & Ortiz 2004, 6–8.)

With both of these categories, companies should keep in mind that many of the motivating stimuli are not feasible in the long run. The original motivator for a company's internationalization bears high importance, and is likely to shape its course in the future as well. (Czincota, Ronkainen & Ortiz 2004, 5–8.)

3.1.3 Potential risks

In addition to the aforementioned conditions for internationalization, companies also need to consider external risk factors. It is necessary for a company to acknowledge these barriers, as they may produce more costs than benefits. These risks come in three groups: general markets risks, commercial risks and political risks. (Hollensen 2017, 70.)

General market risks include factors regarding operation in new locations. Every time a company enters a new market, organizational costs occur. Also, more information will be needed in order to successfully navigate in the new markets. This risk factor is known as the comparative market distance. Moreover, adapting to foreign markets requires adjusting products as well as for example their marketing to match the new conditions. This again inflicts higher costs. Threats related to the competitive environment also form a part of general market risks. (Hollensen 2017, 70–71.)

Commercial risks cover changes in exchange rates if a company deals with foreign currencies as well as challenges in receiving financing for the internationalization process. If a company has physical products to deliver, it must also consider the risk of possible delays and damages in distribution. Additionally, there may be incidents where customers are unable or unwilling to pay due to for example contract disputes or bankruptcy. (Hollensen 2017, 71.)

Lastly, political risks consist of influences from the domestic as well as foreign governments. These include for example trade restrictions and policies, lack of government support and monetary control measures such as tax rates. Furthermore, not all regulation may be easy to interpret. A high level of bureaucracy and complexity might also make completing required paper work challenging. While the risk is considerably lower in some areas compared to others, there is also always a risk of possible development of conflict situations. (Hollensen 2017, 71.)

There are some simple rules that help companies in minimizing these risks. Locations with a high level of risks should be avoided, in addition to which a company should ensure not depending too much on a single market. A company should also make sure to insure those risks that it can. To mitigate commercial risks, a company can take advantage of advance

payments. Finally, government schemes are of high value if a company can gain support from them. (Hollensen 2017, 71.)

According to Hollensen (2017, 71.), Fillis concluded that the most common issues in companies' internationalization processes are linked to finding distributors, promotion of products and meeting competitor's pricing.

3.2 International strategies

International strategy provides the guidelines according to which a company creates value on an international level. As all strategies, international strategies have two key elements: external and internal positioning. The external side requires determining the way in which the company responds to consumers' needs that is unique compared to competitors. The internal aspect, on the other hand, focuses on creating principles to ensure people across the company's organisation understand how to support and implement the strategy. (Collins 2014, 4.)

After identifying the needed factors, a company should create an international strategy statement to sum up their strategic choices. The statement has three parts: the objective, scope and advantage. The objective is preferably a single measurable subject, the purpose of which is to provide a clear direction for the company and its employees. The scope broadly describes the business idea itself as well as introduces restrictions with regard to market presence, internationally offered product range and the locations in which it will be active. The final part presents the company's range of assets and resources generating value, also known as the firm-specific advantages. The focus is on internal assets due to the fact that the values provided to customers often vary between geographic locations. Additionally, the final part describes how these assets will be leveraged from on an internal level. (Collins 2014, 4–5.)

Regardless of the fact that companies may benefit from creating a more comprehensive and detailed version of the statement, it is also recommendable to establish a short version to provide support for management and employees' daily activities. (Collins 2014, 5.)

3.2.1 Types of multinational strategies

There are three types of multinational strategies, each with their own advantages. A company needs to make a choice of which strategy to pursue early on, as each of the strategies provide direction for their decision-making with regard to internationalization. These strategies, however, are merely general and the way in which they are practiced may vary in actuality. Nevertheless, they provide borderlines for a company's operation as well as enable benchmarking against other businesses with similar approaches. (Collins 2014, 120.)

Multidomestic strategy relies on local adaptation. In this approach, a company replicates its existing competitive advantage in the new location. One of the key characteristics of multidomestic strategy is that after first transferring knowledge and core capabilities to the local units, the local departments are granted substantial autonomy in order to meet the local needs effectively. The managers of the local units may be executives sent to the new location or locally hired leaders. (Collins 2014, 130–136.)

Global strategy takes the opposite approach to multidomestic strategy, relying on global efficiency. This means that the product offered is the same worldwide and marketing, brand positioning, packaging and other supporting activities are standardized. In order to be viable, global strategy requires global customers, who are willing to purchase a standardized product. Additionally, economies of scale or interdependencies across countries are needed as otherwise the company would benefit more from for example a multidomestic strategy. (Collins 2014, 137–140.)

The third and final option is transnational strategy, which combines characteristics of the multidomestic and the global strategy. Consequently, it enjoys the benefits of both local responsiveness and global efficiency. Additionally, in transnational strategy knowledge and capabilities are shared continuously across all levels of the company's organisation. The main challenge of transnational strategy is finding a balance between the similarities and differences in the product offerings in different locations. (Collins 2014, 133.,144–146.)

3.3 Positioning

Positioning refers to how consumers perceive a company and its competitors, their products as well as their brands. In a nutshell, it deals with creating value by impacting customers' views of all dimensions of a company. In their minds, consumers position different options based on impressions and feelings they have for the options compared to one another. All companies have a position, whether they market themselves or not. By planning and developing positioning, companies can gain advantage in markets. (Hooley, Piercy & Nicoulaud 2008, 205–209.; Kotler & Armstrong 2012, 231.)

According to Grams (2011, 13–18.), strong positioning enables customers to “understand, value, identify with, and ultimately even take some ownership of the brand”. In this context, taking ownership means that the values and strategy become so clear and absorbed by others that some decisions can be left in their hands. The point in this is to provide even more reason for customers to care about the brand by engaging them in its development.

Kotler and Armstrong (2012, 268.) have introduced three categories which positioning can be based upon:

1. Product attributes
2. Benefits
3. Beliefs and values

The first level, positioning based on product attributes, is the simplest approach. It means building a position around certain differentiating aspects of products. It is not advisable for any company to solely base their positioning on this method, since features of a product can be replicated by rivals. Moreover, consumers are more invested in the impacts of product attributes, rather than the concrete differences. Hence, a stronger technique in developing a brand's position is highlighting benefits regarding the brand and product. (Kotler & Armstrong 2012, 268–269.)

The highest level of positioning deals with emotions by promoting certain beliefs and values. This can be a gamechanger for any business. It all comes to how well a brand can paint mental images that resonate with their customers. (Kotler & Armstrong 2012, 269.)

According to Blythe (2012, 88–89.), research by Blankson and Kalafatis, however, shows that consumers have certain go-to criteria for positioning products. These factors include being the most expensive or the best in the market, quality of service, value for money, reliability, attractiveness, country of origin and name of the brand. Additionally, the consumers' perception is affected by the extent to which they can differentiate between companies and their offerings.

As consumers' attitudes in different areas vary, a company's position varies between different markets as well. When entering a new location, companies have two options: adapting the product to suit the local preferences or changing consumers' attitudes. Most often, the former alternative is much easier and cheaper to execute. (Blythe 2012, 89.)

3.3.1 Developing a position

Creating and sustaining a position requires following certain steps. Grams (2011, 24.) has identified four stages for developing positioning, the first three of which have also been acknowledged by Keller, Sternthal and Tybout (2002):

1. Determining the competitive frame of reference;
2. Identifying points of difference;
3. Identifying points of parity; and
4. Creating the brand mantra. (Grams 2011, 24.)

Grams (2011, 24–27.), as well as Keller, Sternthal and Tybout (2002) suggest initiating the positioning process by identifying the market in which the company is operating and the competitors within it. This is a necessary first step, as it provides a context for a company's positioning. This environment, referred to as the competitive frame of reference, may not be as obvious as it seems. A company may have several frames of reference, although they may choose one of them as their main area of focus.

After the context is known, the next step is determining points of difference, hereinafter referred to as PODs. These factors are what differentiates the company from its rival and bring value to customers (Grams 2011, 27.). Moreover, they are often what people remember about the company (Keller, Sternthal, & Tybout 2002). It is notable, that not all

distinctive features are worth promoting. Choosing the wrong PODs will likely waste a company's financial resources rather than yield value to customers. (Hooley, Piercy & Nicoulaud 2008, 236.)

Hooley, Piercy and Nicoulaud (2008, 236.) have laid out characteristics for PODs that help companies determine their most valuable differentiators. The value provided by PODs must be important as well as unique and superior to competitors offerings. Furthermore, the POD must be visible and communicable as well as inimitable in a sense that it cannot be easily replicated by rivals. Additionally, the differentiators must be something that customers are willing and able to pay for and that the company can apply in their offerings profitably.

Identifying points of parity, hereinafter referred to as POPs, help companies understand the required characteristics that it must incorporate in its offerings in order to have credibility in the customers' eyes. POPs need to be occasionally reviewed due to the fact that PODs can turn into minimum requirements. By taking advantage of this fact, POPs can also be used as a way to undercut competitors' differentiators. (Keller, Sternthal, & Tybout 2002)

The final step in effective positioning is creating a brand mantra – a short phrase of a few words that captures the conveys the essence of the brand. The mantra should function as an overriding influence, guiding a company's operations from strategic planning to day-to-day activities. A common method for developing a brand mantra is creating a three-word phrase which can be divided to the emotional modifier, descriptive modifier and brand function. The process starts from the last part, brand function, which describes the service, experiences or benefits provided. The second part, descriptive modifier, specifies the brand function. Lastly, the emotional modifier is a qualitative description of how the brand function is delivered. A common example of a successful brand mantra is Nike's "Authentic Athletic Performance". (Keller 1999, 45–48.)

Developing positioning goes hand in hand with perfecting a company's mission and vision (Kotler & Armstrong 2012, 269.). Thus, if a company reforms their positioning, it must make sure that the new position matches their mission and vision, or otherwise adjust those as well.

3.3.2 Potential risks

A company's positioning must have clarity and strength in order to avoid strategic errors. There are four major risks related to the subject: over-positioning, under-positioning, doubtful positioning and confused positioning. Over-positioning means that consumers' perception is too narrow, while in the opposite scenario, under-positioning, the perception is too vague and the customers do not see any specialty in the company or product. Doubtful positioning, on the other hand, means that the position pursued is improbable and fails to convince customers. Lastly, confused positioning refers to a situation in which the position is unclear. This may be the consequence of for example continuous changes or conflicting messages, often caused by indecisiveness. (Hooley, Piercy & Nicoulaud 2008, 209–210.)

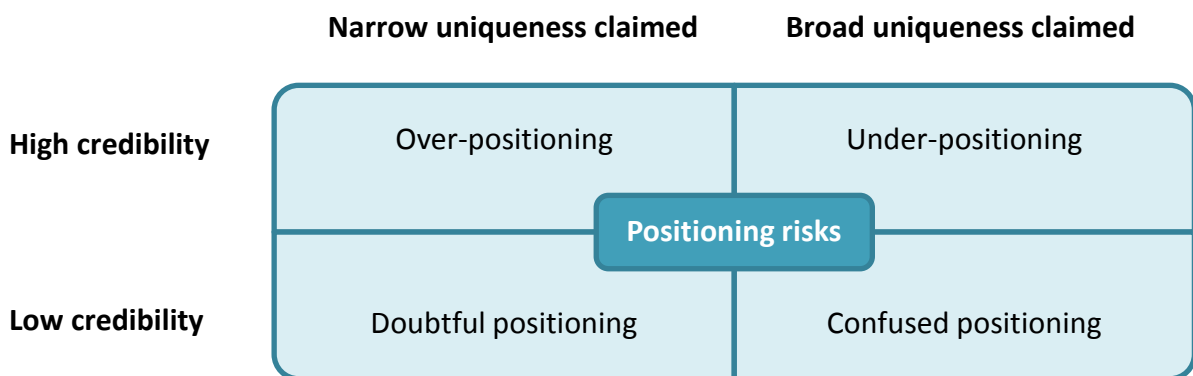


Figure 4. Positioning risks, after Hooley, Piercy and Nicoulaud (2008, 209–210.)

3.3.3 Tools

One of the commonly used positioning tools is a positioning map, also known as the perceptual map. It depicts a company's position compared to its competitors on important differentiating factors based on research of target groups' opinions. A simplified version of a positioning map can be made based on observations about competitors' prices and key benefits (D'Aveni 2007). (Kotler & Armstrong 2012, 232.)

One positioning map includes two dimensions such as price and level of quality. Nevertheless, it is possible and recommendable to consider more than just two factors. Nowadays, this can be done by utilizing multidimensional mapping software. Positioning maps are useful in finding gaps in the market, as well as gaining understanding of what kind

of companies and products are dominating the market. (Kotler & Armstrong 2012, 232.; Blythe 2012, 90.)

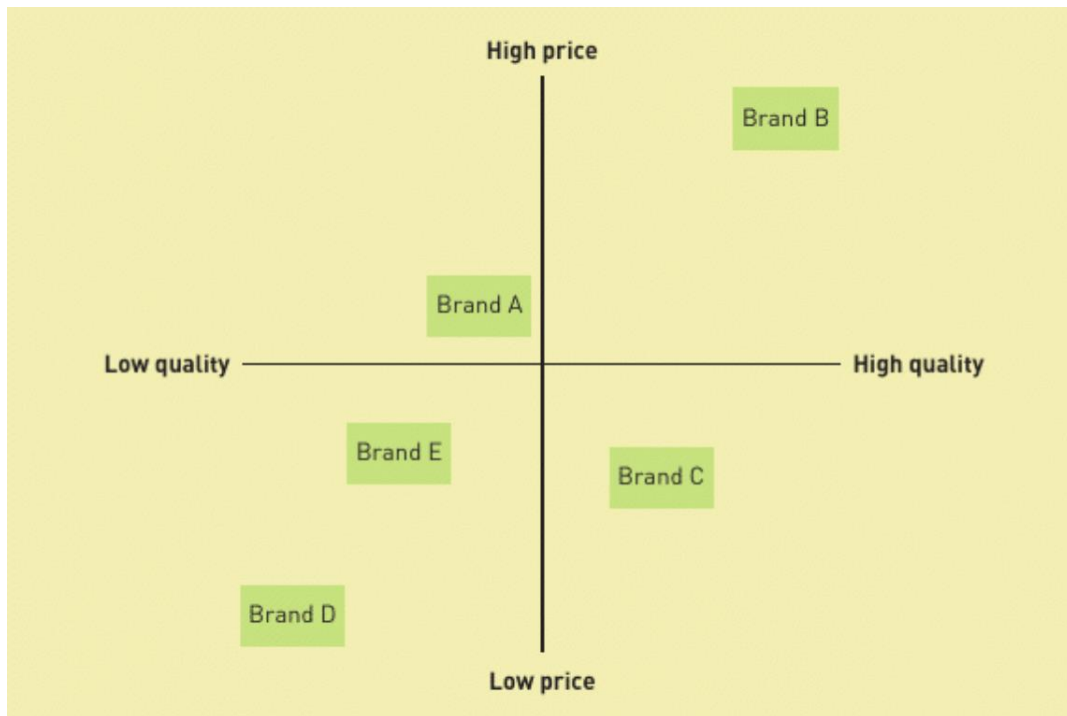


Figure 5. Example of a positioning map (Blythe 2012, 89.)

The complete positioning of a company is its value proposition, which contains in brief all of the benefits which provide differentiation and a unique position for the company in question. It describes the reasons why a customer should choose the specific brand or product. (Kotler & Armstrong 2012, 236–237.)

After clarifying its position and deciding a value proposition, a company should draft a positioning statement summarizing their position and differentiators. The statement should follow an established pattern, that is “to (target segment and need) our (brand) is (concept) that (point of difference)”. (Kotler & Armstrong 2012, 239.)

4 Qualitative research

4.1 Framework

According to Hallinger (2013, 132.), a conceptual framework aids in interpreting the research question, as well as provides direction in to what kind of data should be collected.

Furthermore, a clear framework helps in analysing the findings of the research and detecting possible interconnections within the framework.

For these reasons, the author has identified the following themes related to the research problem: 1) Macro-environment, 2) Industry, 3) Competitive environment and 4) Internal factors.

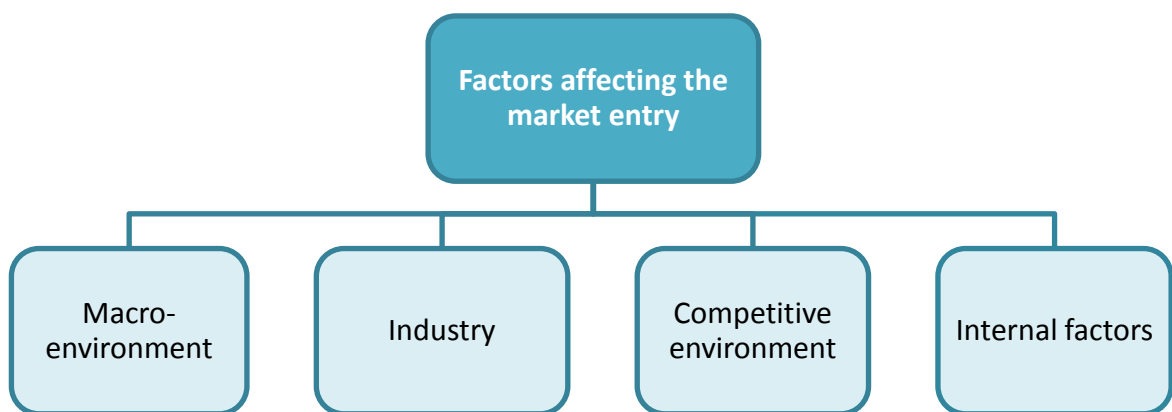


Figure 6. Framework of the research.

4.2 Aims and objectives

As indicated by the research question, the main objective of this research is to create a plan for the two client companies for entering the German market. With regard to the main objective, the author has identified the following aims:

5. Collecting and analysing relevant data concerning the German market and its external environment;
6. Analysing the joint venture's internal aspects and clarifying its positioning and competitive advantage;

7. Developing a concrete step-by-step plan for launching product Z in Germany; and
8. Developing recommendations for the successful implementation of the entry plan as well as how to proceed after the initial launch.

4.3 Research design and methodology

Qualitative research was chosen as the research method for this research due to its descriptive nature and suitability for answering questions related to perspective.

Additionally, the method is appropriate for examining information that cannot be measured or counted. Qualitative research includes “systematic collection, organisation, description and interpretation of textual, verbal or visual data. (Hammarberg, Kirkman, & de Lacey 2016).

According to Baxter & Jack (2008), Yin (2003) recommends using qualitative case study when the aim is to answer to “how” or “why” questions and to study contextual conditions relevant to the research topic. Hence, case study was chosen as the qualitative research method. As this thesis is focused on a unique situation, the research will be a holistic single case study. The type of the case study will be exploratory due to fact that the research has no particular set of possible outcomes. Case studies are characterized by the use of various sources of data, which increases their credibility (Baxter & Jack 2008).

4.4 Implementation

Reddy & Agrawal (2012) suggest that a case study can be based on secondary data collection and analysis. Therefore, secondary data relevant to the research framework will be used as a basis of this study. The secondary sources will include amongst others newspapers, magazines and journals, web data as well as information from regulatory agencies. The data collected may include not only qualitative, but also quantitative data (Baxter & Jack 2008).

As described by Baxter and Jack (2008), the collection and analysis of secondary data are performed simultaneously. The relevant information regarding the framework of the research will be gathered and analyzed between April and June 2021. In this research, the

data analysis is conducted by utilizing explanation building – a method identified by Yin (2003) as explained in Baxter and Jack's (2008) work.

Explanation building means, as indicated by its name, using data to create an explanation about the case in focus. This description often follows a narrative form. In performing the analysis, consideration will be paid to the fact that one of the essential risks in the explanation building process is losing focus of the research topic. (Yin 2003, 141–144.).

Following the recommendations of Baxter and Jack (2008) and Yin (2003, 144.), a database will be created for the purpose of organizing the collected data. This enables the data to be reviewed by third parties. Moreover, keeping a database of sources of data, dates of retrieval as well as the key information referenced adds to the case study's reliability. As the author of this thesis does not have access to computer software designed for categorizing and analyzing data, an Excel workbook will be kept to record the data sources and the related information.

Yin (2003, 160–161.) has determined some key factors in improving the quality of a research. Firstly, all information gathered must be addressed in the data analysis. Disregarding information may lead to vulnerability to other, differing interpretations of the research. Secondly, any rival interpretations presenting opposing findings should be discussed. Furthermore, the analysis must provide answers to the most essential aspects of the case.

In their article, Hammarberg, Kirkman and de Lacey (2016) emphasize that qualitative research is not objective, and is by nature dependent on the authors' interpretations. This means that the output may differ between different authors. The researchers explain, however, that according to Denzin and Lincoln (1998), objectivity is not the point in qualitative research. On the contrary, the point in qualitative research is for the author to become an instrument and contributor to the research.

4.5 Significance

The client companies of this thesis have already decided that the goal is for the first training to start in the beginning of 2023. Hence, there is an urgent need for information related to

the industry and the market in focus. As the need concerns specific and unique circumstances, existing research is not able to answer all the relevant questions related to the research problem of this thesis.

The significance of this research may additionally be reasoned with the fact that the client companies have limited experience of entering new markets. Therefore, there is little existing knowledge concerning foreign markets and local needs and preferences.

Furthermore, this is the first attempt of internationally commercializing the joint product of the two clients. This means that also evaluating the product itself as well as the joint venture's internal aspects, especially possible weaknesses, is essential.

4.6 Expected outcomes

This thesis will provide an in-depth outlook on the external business environment as well as internal factors affecting the market entry in focus. It will provide the client companies with the required knowledge and understanding of the market environment in Germany, and how its external factors affect the company's operations and offering.

The outcome of the research will be a concrete plan for launching product Z in Germany. Furthermore, suggestions will be given for improving the product concept and mitigating potential risks and internal weaknesses related to the joint venture. Finally, the plan will include follow-up recommendations for how to proceed after the initial product launch.

5 Market analysis

The business environment of a company consists of three external layers: the macro-environment, the industry or sector and competitors (Whittington, Regnér, Angwin, Johnson & Scholes 2020, 35.). Considering each of these levels is essential for understanding the risks, limitations and prospects of profitability in entering a specific market as well as gaining insight about existing and potential rivals and their value offerings (Glowik 2016, 24., 27.; Whittington et al. 2020, 80.). To ensure a sufficient level of understanding of the external

threats and possibilities, the author will analyze each of these three layers impacting the market entry in focus.

5.1 Macro-environment

The macro-environment includes broad external environmental factors which affect the company or its industry. To assess these factors and the related risks and opportunities, the author will utilize PESTEL analysis, which is a common method for analyzing the macro-environment. In this method, external environmental aspects are examined in six fields: political, economic, social, technological, ecological and legal. (Whittington et al. 2020, 36.).

5.1.1 Political factors

Since the election in 2017, Germany has been led by a grand coalition of the Christian Democratic Union, the Christian Social Union of Bavaria and the Social Democrats (Santander Trade 2021a). In the election of September 2021, the same three parties won most votes, with the leader being Social Democrats (Politico n.d.). The alliance of Christian Democratic Union and Christian Social Union came as a close second with the lowest share of votes in the alliance's history (Connolly 2021). Social Democrats are currently on talks with The Greens and Free Democrats about forming a coalition. Statements have been given that the aim is to have a new government by Christmas 2021. (Deutsche Well 2021a)

Germany has been experiencing some political instability due to increasing critique against the decision-making and actions of the leading coalition led by Chancellor Angela Merkel (Buras & Hackenbroich 2021). There will occur a transition in the country's political govern with regard to chancellorship too as Merkel did not run for re-election (Connolly 2021). Merkel's successor has not yet been announced. The likely successor is Olaf Scholz, leader of the Social Democrats (Deutsche Welle 2021a).

A far-right nationalist party, Alternative for Germany, has been gaining popularity during the past years (BBC 2020). However, the COVID-19 pandemic has decreased the party's support (Schütz 2020). Currently it stands at 10.3% (Politico n.d.). The party has been involved in

protests, some of which have turned violent, in past as well as during the current times of COVID-19. The party was put under investigation for extremism this year. (Bennhold 2021)

Political tension has also surfaced from migration issues. The amount of asylum seekers has been increasing drastically over the recent years, and there has been disagreement regarding how to manage the situation. (Freedom House n.d.; Deutsche Welle 2021b)

Nevertheless, Germany's political risk continues to be low thanks to its democracy, decentralized politics and stable relations with other European states (Market Research 2020).

5.1.2 Economic factors

Germany's Gross Domestic Product, hereinafter referred to as GDP, shrank by 5% in 2020 due to the COVID-19 pandemic. Currently, the country's Council of Economic Experts has estimated a GDP growth of 3.1% for this year, and 4% for 2022. The prediction for 2021 was cut in March 2021 from the original 3.7% estimate, meaning that the recovery from COVID-19 is slower than expected. These predictions are still uncertain and subject to risks. The most pressing concern at the moment is the newly increasing amount of COVID-19 cases and the threat of a third wave of infections in Germany. (Jennen 2021; see also Deutsche Welle 2021c)

With regard to inflation rate, statistics indicate a downward trend during 2020, the rate being -0.3% at the end of the year. However, recent data shows that the inflation rate has bounced back to normal during the beginning of this year, with the rate being 1.7% in March. This meets the desired level, which, as defined by the European Central Bank (n.d.), is "below, but close to, 2%". (Federal Statistical Office Destatis 2021)

Unemployment in Germany has been declining from 2005 until 2019. In 2020, the unemployment rate rose from 5% in 2019 to approximately 5.9%. This is below the EU average of 7.4% at the end of 2020 (Eurostat 2021). (Federal Employment Agency 2020, as cited in Statista 2020)

Creative industries in Germany have been growing steadily over the past ten years, with an average growth rate of 2.6% per year. The COVID-19 has brought this development to a halt. It has been estimated, that the COVID-19 will result to losses of 12.7% to around 23% in the industry, meaning approximately €21.7 to nearly €40 billion depending on when the situation eases and allows for economic recovery. The self-employed have been highlighted as a group experiencing the most challenges due to the circumstances. Nevertheless, the Deutscher Startup Monitor 2020 indicates that startups seem to be maintaining a positive future outlook and 90% of them are planning to hire new employees (Kollmann, Jung, Kleine-Stegemann, Atae & de Cruppe 2020). (The Federal Government's Centre of Excellence for the Cultural and Creative Industries 2020; Federal Ministry for Economic Affairs and Energy 2020)

5.1.3 Social factors

As in Europe generally, a majority of Germany's companies are micro-sized. In 2018, micro-enterprises accounted for 82% of all German companies (European Commission 2019a). The number of start-ups has been decreasing for four consecutive years since 2014. However, the number of new business founders increased in 2019 to 605,000, due to increasing part-time entrepreneurship. Out of these business establishers, approximately 62% were part-timers and 38% full-time entrepreneurs. Berlin continues to hold the highest share, 18%, of German startups (Kollmann et al. 2020 as cited in PwC Germany n.d.). Attraction towards self-employment in Germany has been declining for two decades, with 26% of population considering self-employment a desirable option in 2019. (KfW Research 2020)

There were 258,790 companies operating in the creative industries in Germany in 2019. This number accounts for companies in the following categories: music, literature, art, film, broadcasting, performing arts, design, architecture, press, advertising, software and games and other creative sectors. The number of employees working in these sectors was over 1.8 million, 14% out of which were self-employed with annual income exceeding €17,500. Additionally, 16% of the workforce was in marginal employment or self-employed with so-called mini-jobs with an annual income of less than €17,500. Design stands out as a sector with the highest share of self-employment. (Federal Ministry for Economic Affairs and Energy 2020)

According to Eurostat (2020a), 33% of employees in cultural fields in Germany were self-employed in 2019. The differences compared to the figures of the Federal Ministry for Economic Affairs and Energy (2020) are explained by the fact that the statistics are based on different terms, meaning in this case cultural employment and creative industries, and that the interpretations of those concepts may vary between sources.

As seen in figure 7, a vast majority of start-up founders in Germany are men. In 2019, male founders accounted for 84.3% of new business creators. According to the Deutscher Startup Monitor 2020, 20% of business founders in Germany are immigrants (Kollmann et al. 2020). (KfW Research 2020; Hirschfeld, Gilde & Wöss 2020)



Figure 7. Division of business founders by gender in Germany 2015–2019 (Hirschfeld, Gilde & Wöss 2020)

Looking at founding teams, men also led the charts with 69% all-male teams, 10.9% female teams and 20.1% mixed teams in 2019. However, the gender division varies depending on the teams' size. Notably, solopreneurship is much more common among women than men, 77.5% of solopreneur founders being female. (Hirschfeld, Gilde & Wöss 2020)

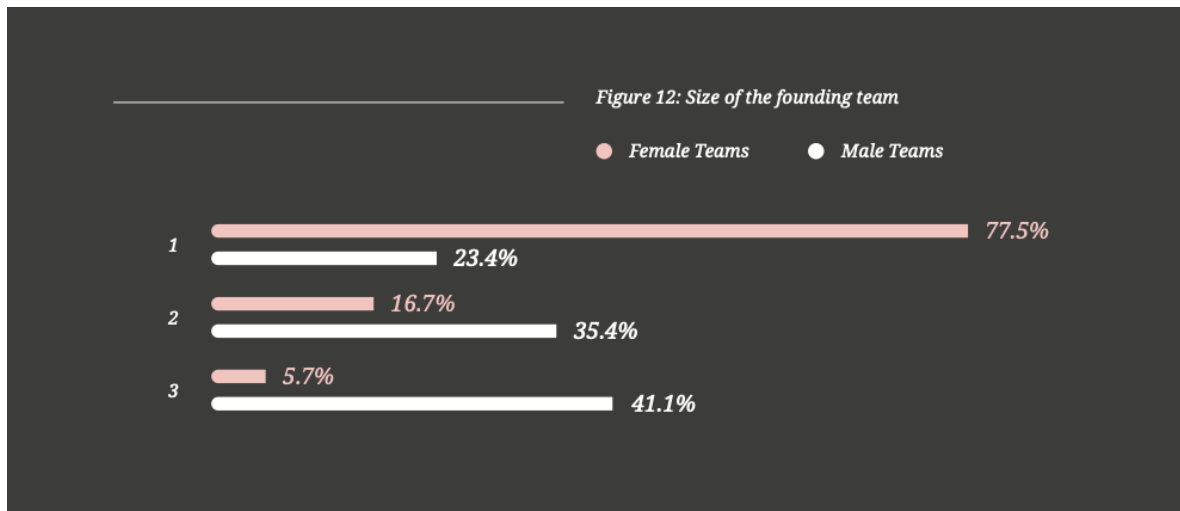


Figure 8. Division of business founding teams by size and gender (Hirschfeld, Gilde & Wöss 2020)

Regardless of gender, businesses are established on average at the age of 35. The highest share, 45.9%, of business establishers are thirty- to forty-year-old. Approximately 81% of business founders have a university degree, with the most common fields of studies being economics, business administration and other similar degrees. (Hirschfeld, Gilde & Wöss 2020)

In addition to the similar characteristics mentioned, there are also some differences between female and male founders. While 79% of companies led by men gain most of their revenue from business-to-business sales, women entrepreneurs gain more income from the business-to-consumer sector. For 52.4% of companies with female teams, business-to-consumer sales generate more funds than business-to-business sales. Furthermore, female founders face more challenges with balancing family and work life and feel that they have weaker network and collaboration opportunities with established companies and other business founders. Over one in three women founders assess their network of business founders negatively while only 28.8% feel positive about their collaboration opportunities with companies. (Hirschfeld, Gilde & Wöss 2020)

The situation of women entrepreneurs is considerably weaker in terms of investments compared to male entrepreneurs. Out of all teams led by women, only 42.3% report having received financial support from external sources. Women also find it harder to convince investors of their financial forecasts as well as needs for funding. Moreover, 56.7% out of female business founders report experiencing challenges in gaining access to investors and their networks. (Hirschfeld, Gilde & Wöss 2020)

The Female Founders Monitor 2020 shows how prioritized strategies vary between genders. Female entrepreneurs place most importance on organizational development, social and environmental impact, profitability and product development. (Hirschfeld, Gilde & Wöss 2020)

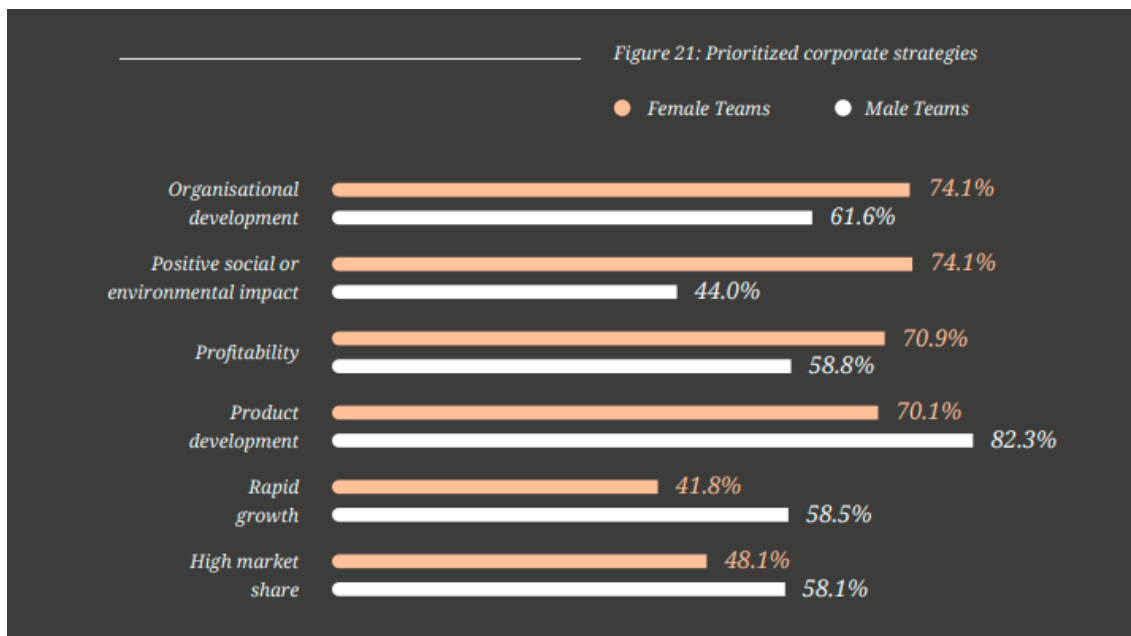


Figure 9. Division of preferred business strategies by gender of founding members (Hirschfeld, Gilde & Wöss 2020)

In 2020, 68% of German start-ups recognized sales and customer acquisition as their main challenges, while product development followed second with 45% (Kollmann et al. 2020 as cited in PwC Germany n.d.). Additionally, based on the findings of the Deutscher Startup Monitor 2020, 56.2% of German startups are currently focusing on product development (Kollmann et al. 2020).

5.1.4 Technological factors

As in Finland, Germany is also on the way to developing 6G internet. The local government has dedicated €700 million to 6G for the next five years. The 6G interface will enable a hundred times faster data transmission compared to 5G. (Le Maistre 2021)

Germany ranks ninth in the Global Innovation Index 2020. This proves that the country's innovation ability is high. Furthermore, the country spends the second most in research and development globally and leads in the Index's category of patents by origin. (Cornell University, INSEAD & WIPO 2020, 256.)

One aspect that needs to be considered especially with online-based services is cyber security. Out of all companies in Germany, 75% experienced cyber-attacks within two years prior to 2019. (Bitkom 2019, as cited in Statista 2021)

5.1.5 Ecological factors

Germany introduced an updated version of the German Sustainable Development Strategy for 2021. One part of this package is a €50 billion future technologies package aimed to boost the country's mobility transition and digitalization, support reaching climate targets, promote education and research as well as develop healthcare. The package includes €5 billion investments in artificial intelligence projects to for example improve computer infrastructures and data availability. Additionally, funds are provided for developing a nationwide 5G network by 2025 while continuing research and testing of 6G. (German Federal Government 2021, 45–46.)

On a larger scale, the European Commission has presented a law proposal to make the objectives of the European Green Deal legally binding (European Commission n.d.a). This means committing to becoming completely climate-neutral by 2050 and reducing the amount of emissions by at least 55% by 2030 (European Commission n.d.b).

5.1.6 Legal factors

In Finland, company X has the ability to provide official degree certificates for their solopreneur training. The same concept, however, cannot be replicated in Europe due to legal restrictions. Finnish legislation prevents granting degree certificates and organizing vocational training abroad for citizens of countries in the European Economic Area, hereinafter referred to as the EEA. The same restrictions apply to European Union Blue Card holders and holders of continuous or permanent residence permits in the area, as well as all of the aforementioned groups' family members. The legislation, however, does allow providing degree certificates and vocational education and training outside the EEA. The EEA consists of the EU member states as well as Norway, Iceland and Liechtenstein (Eurostat 2020b). (Sections 33 & 35 of the Act on Vocational Education and Training 2017/531.)

5.2 Industry

Analysing the industry environment is essential for understanding competitive dynamics and attractiveness of an industry. To provide an outlook of the industry that the client companies' joint venture is focused on, the author will utilize Porter's Five Forces Model of Competition. This commonly used analysis tool is meant for assessing competitive forces in five categories: rivalry among competing firms, threat of new entrants, buyer bargaining power, supplier bargaining power as well as threat of substitutes. (Gamble, Peteraf & Thompson 2019, 40–41.)

5.2.1 Rivalry among competing firms

According to the findings of SILTA (2021), there is a high number of competing companies in the advanced training industry in Germany. This means that the rivalry among competitors is high. However, the number of service providers focusing solely on entrepreneurs, or further more on solopreneurs, is considerably lower. (Gamble, Peteraf & Thompson 2019, 48.)

The rivalry is also affected by the fact that in product Z's case, the barrier for switching to another service provider is high. This is because the platform's one-year training is paid for in one transaction instead of for instance a monthly membership fee. Hence, switching

providers after completing the payment is inconvenient and not worthwhile financially. High switching costs mean weaker rivalry. (Gamble, Peteraf & Thompson 2019, 49.)

Furthermore, many service providers in the industry have clear differentiation in their offerings, in addition to which the size of competing training providers varies greatly. Also, competitors' prices are stable and have not been decreasing. These factors indicate low level of rivalry. (Gamble, Peteraf & Thompson 2019, 48–50.)

To sum up, product Z's rivalry can be described as moderate, meaning that there is normal, healthy competition among rivals. At this state, most companies in the industry are able to be profitable on an acceptable level. (Gamble, Peteraf & Thompson 2019, 50.)

5.2.2 Threat of new entrants

In the field of advanced training for entrepreneurs or solopreneurs, barriers to enter the market are very low, especially in the case of online-based training. There is little capital needed to enter the industry and no tariffs or other trade restrictions obstructing entry. One of the client companies has a trademark which protects the name and logo of a brand which will be used in product Z. However, as the protection of the trademark is limited to some design factors, it does not prevent developing a similar product under a different name. (Gamble, Peteraf & Thompson 2019, 46–47.)

As the concept of product Z is community-focused, it may in future pose a barrier for entry from leveraging network effects. This is possible in industries where consumers are more drawn towards a product when it has many existing users. To ensure this effect, the network of existing clients should be emphasized. (Gamble, Peteraf & Thompson 2019, 47.)

Overall, the threat of new entrants in the industry is high. Furthermore, there is a risk of existing companies expanding their focus in the field of training for entrepreneurs or solopreneurs.

5.2.3 Threat of substitution

The amount of direct, comparable substitutes for product Z is not very high. The difference to most service providers in the industry is focus on mentoring as well as focusing on solopreneurship comprehensively instead of providing training in specific subjects such as marketing or sales. Also, while some substitutes are available in the market, many are very exclusive reducing the actual accessibility to the substitutes. For example, Solopreneur Club Academy requires applying to their training (SILTA 2021). Also, for instance in Entrepreneurship.de's case, the company's training cannot be directly bought from the company's website (Entrepreneurship.de n.d.a).

The quality of substitutes is high on average, which is usually a sign of a high threat of substitution. However, the closest comparable substitutes are also not cheap in price. This combined to the moderate number of substitutes and high switching costs means that the threat of substitution is fairly low. (Gamble, Peteraf & Thompson 2019, 43.)

5.2.4 Bargaining power of suppliers

Company X and company Y's level of dependency on their suppliers is low. The suppliers in this case mean the experts forming an essential part of their product offering. The number of experts in fields related to entrepreneurship is high while the demand for their services is not that high that it would pose risks for acquiring the services needed to run the product Z platform and its training. Also, the cost of switching suppliers is low. This means that the bargaining power of suppliers is low, and suppliers cannot impact company X and company Y's operation to a great extent by for example increasing prices or limiting the availability of their services. However, if the client companies are selective in choosing the experts for their training on basis of their level of differentiation, quality and image they would bring to the training, bargaining power of suppliers increases.

5.2.5 Bargaining power of buyers

Product Z is targeted to individual customers, meaning there are no purchases made in large volume. Also, in the advanced training industry it is not customary to haggle for better

prices. Furthermore, costs of switching to competing companies or substitutes is high for buyers. In the industry in focus, products are not standardized and deliver different benefits and levels of quality. The aforementioned aspects indicate that the bargaining power of buyers is weak. (Gamble, Peteraf & Thompson 2019, 41–42.)

5.3 Competitive environment

To ensure an adequate level of knowledge concerning the target market environment, the author conducted an outlook into the competitive environment of product Z. The competitive analysis is based on searching local and international training programs and education providers via Google. It is important to note, that the search was performed in English as the author does not have proficiency in German. Thus, the author may not come across the same results as those who live in Germany and speak German. Information based on SILTA's (2021) research has also been utilized. Otherwise, direct, indirect and potential competitors have been identified and analyzed according to the author's best knowledge.

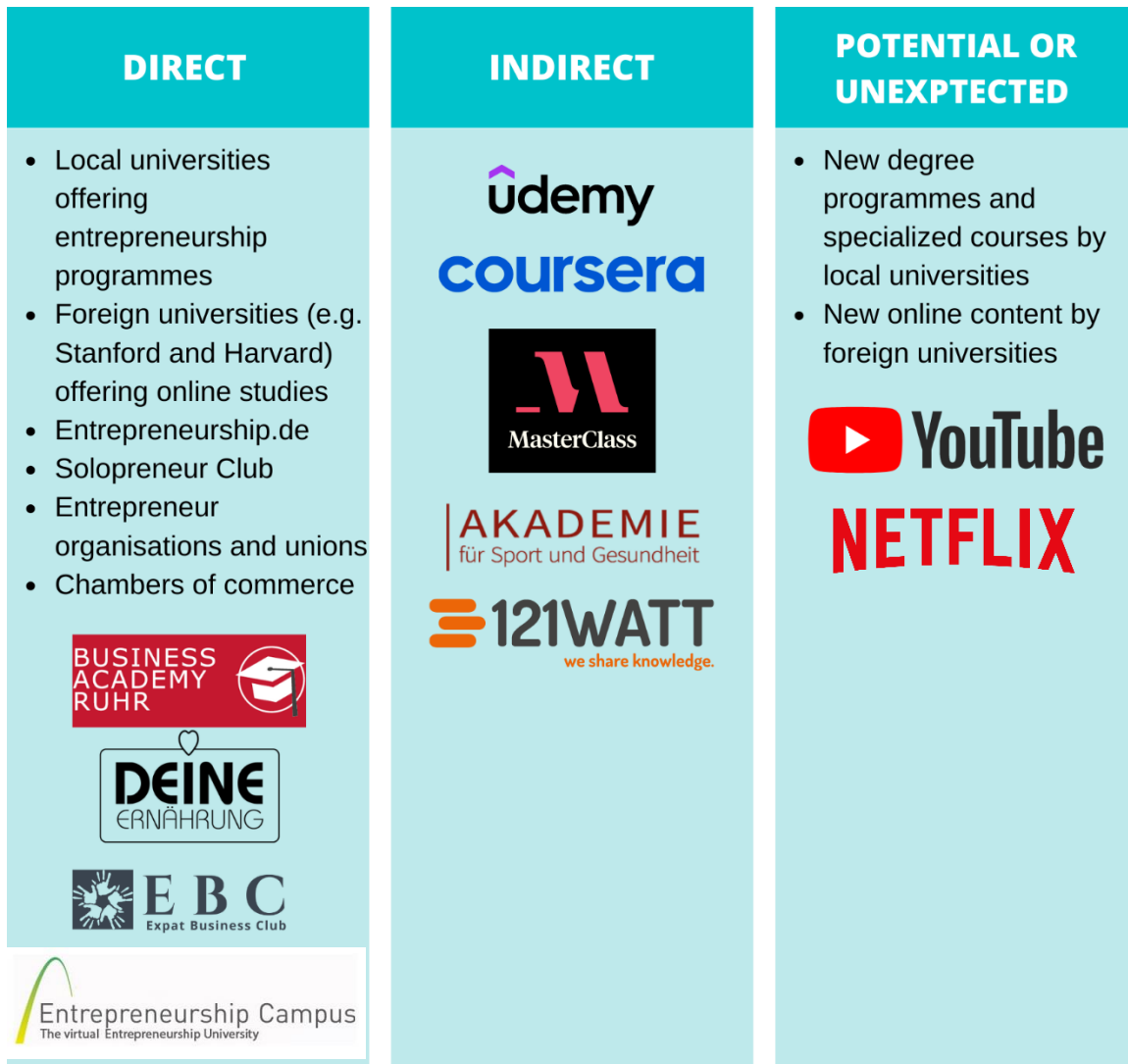


Figure 10. Direct, indirect and potential or unexpected competitors of the commissioning companies' product concept. (Business Academy Ruhr n.d.; Deine Ernährung n.d.; Expat Business Club n.d.; Crunchbase n.d.; Udemy n.d.; Coursera n.d.; MasterClass n.d.; Akademie für Sport und Gesundheit n.d.; 121Watt n.d.; YouTube n.d.; Netflix n.d.)

Direct competitors, as seen in figure 10, include local and foreign universities providing entrepreneurship programmes live and online as well as several local service providers. Furthermore, SILTA (2021) discovered direct competition also deriving from local entrepreneurial organisations and unions as well as chambers of commerce, as many of them provide free support services and some training for entrepreneurs. Moreover, SILTA's research brought up private coaches as an additional source of direct competition.

From the identified direct competitors, the closest one to product Z is Entrepreneurship.de. The company, founded by Professor Günter Faltin, is closely tied to Entrepreneurship Foundation established in 2001 by Faltin and Dietrich Winterhager (Entrepreneurship.de

n.d.a). The Entrepreneurship Foundation operates the Entrepreneurship Campus (Entrepreneurship Campus n.d.).

The main product of Entrepreneurship.de is a year-long Entrepreneurship Masterclass which combines online learning and workshops as well as events in the beginning, the middle and the end of the training. The training runs once a year from November to October (Entrepreneurship.de n.d.b). While there is no information in the company's website about the amount of participants involved in the annual trainings, the main events included in the concept have gathered around 1000 to over 1500 participants (Entrepreneurship.de n.d.c; Entrepreneurship.de n.d.d).

There is, however, notable weaknesses in Entrepreneurship.de's offering. One has to first send a request for further information if they are interested in participating the Entrepreneurship Masterclass. Moreover, details such as price information are hard to find on the website. To sum up, user friendliness and accessibility are not the company's strong suits. Also, a majority of the company's communication is delivered in German.

Indirect competitors of product Z include online subscription-based platforms providing short courses on various topics, one of which is entrepreneurship. The biggest difference is that these courses are often mostly introductory and tend to focus more on training for establishing a business or learning skills related to entrepreneurship. Additionally, SILTA (2021) discovered various indirect competitors in the local market focusing on training on specific topics such as marketing, health and fitness, information technology, administration and finance, management and leadership.

Potential competition could arise if local or foreign universities introduce new educational content focused on entrepreneurship. Also, there is a possibility that companies such as Netflix expand their scope of business to provide more educational content. YouTube as an unobvious source of educational content is one example of an unexpected competitor.

Overall, according to SILTA's (2021) research findings, there is a lot of competition in the advanced training industry in Germany. Yet, it is an important notion, that little information can be found about possible competitors in English. This tells that there is a market opportunity in providing and marketing training for solopreneurs in English as the market

environment analysis showed that immigrants comprise around one fifth of business founders in Germany.

5.3.1 Comparison of competitors' profiles and offerings

In figure 11, information and observations are provided on the profiles and offerings of selected direct, indirect and unexpected competitors. Based on these insights, the companies can benchmark aspects where competitors are performing strong as gain leverage by focusing on competitors' weak points.

| Profile | Local universities | Entrepreneurship.de | Expat Business Club | Harvard Business School Online | Udemy | YouTube |
|---------------------------|--|---|---|---|---|--|
| Brand message | Varies between universities | "Become an entrepreneur, become a part of the movement" | "Broaden your knowledge. Grow your business. Expand your network." | "Learn online from the leaders in business education" "Expand your business skills and engage with a global network of learners" | "Connecting students all over the world to the best instructors" "Helping individuals reach their goals and pursue their dreams" | "To give everyone a voice and show them the world" |
| Key competitive advantage | Ability to grant official degrees | Training in German by a locally well-known author and professor | Affordability, accessibility | Highly valued institution with global recognition | Affordability, accessibility, variety of content | Free, variety of content, ability to use on phone, tablet, laptop and television |
| Reputation | High | Medium | High | Very high | Medium | Medium |
| Target market | Highschool graduates, bachelor's graduates | People interested in developing business ideas and founding a company | Expat business founders facing challenges when establishing a company | Young adults seeking interested in further learning opportunities, professionals seeking advanced training | Young adults around the age of 20 to 30, mostly students, companies interested in continuous learning | Very varied from kids to adults |
| Products | Bachelor's and Master's degrees | Entrepreneurship Masterclass (duration one year) | Kick-Start (1-3 months), Basic (6-12 months) and Full Service (6-12 months) memberships | Online courses in various fields including entrepreneurship (last 4-17 weeks) | Short online courses in various fields, Udemy for Business | YouTube Go, Kids, Music, Originals, Premium, Select, Studio and TV |

| | | | | | | |
|------------------|---|---|--|--|---|--|
| Pricing | Public ones are free, private ones have tuition costs that vary from around €260 to up to €20 000 per year for bachelor's and up to €40 000 per year for master's degrees | €800 | Kick-Start €111 per month, Basic €25 per month, Full Service €49 per month | €0 - €3250 | Entrepreneurship courses around €20 - €200, Udemy has frequent sales of up to 90% | Large amount of content available for free, €6,99 for YouTube Premium per month |
| Quality | High | High | High | Very high | Low to medium | Not all content is reliable, well known influencers and public figures increase quality |
| Partners | Varies between universities | Entrepreneurship Campus | Unknown | edX and various other universities and colleges | Booking.com, SurveyMonkey, Civil Service College Singapore, Unilever, General Mills, SkillsFuture SG, Synechron | Content creators |
| Strengths | High trust and recognition Strong market position Provides professional qualification High number of new entrants yearly | Online studies are complemented by practical workshops Community factor through members area Unlimited access to the content and community after the training Highly localized | Low prices Offers services very comprehensively Most experts providing support and consulting are or have been expat entrepreneurs Accessibility Communality | Widely acknowledged and valued content High-level professors Brand awareness Large and global customer base High satisfaction rate | World's largest selection of courses Large and global customer base Low prices Instructor community 30-day money-back guarantee High performance in reaching potential customers | Strong market presence and brand awareness High engagement level Active communication between users Large and global user base Accessibility Creator community Mass audience reach |

| | | | | | | |
|----------------------|--|--|--|--|--|---|
| Weaknesses | Takes up to four years to complete | Hard to find information - need to send a contact form for details of the training and to enroll | Is not very known yet as the company was founded in 2020 | Lack of personal guidance | Lack of personal guidance | Filtering inappropriate content |
| | Requires live presence and participating in lectures at certain times | Training runs only once a year | Very low following and engagement in social media | Standardized content worldwide | Does not provide professional qualification | Ads interrupt videos |
| | Participants cannot impact education content | Accessibility | Lack of information in details such as the current size of the network | Courses related to entrepreneurship are only introductory | Quality control | Lack of customer service |
| | Requires applying and getting in | User-friendliness of website | No information available in English | Expensive | Continuous sales cause perception of low quality | Not all content is reliable |
| | Need for better focus on individuals | | Very limited promotion of the company's networking events | Courses are available only at certain times | Prevention of piracy | Prevention of piracy |
| | Need for more opportunities for specialization | | | Lack of possibilities to interact with other participants | Overflow of content | |
| | Admissions take place only at certain times of the year | | | | | |
| | | | | | | |
| Opportunities | Introducing new degree programmes and allowing more opportunities for specialization | Entrepreneurship education at post-secondary levels is below EU average, indicating a need for training in the subject | Need for networks among entrepreneurs | Entrepreneurship education at post-secondary levels is below EU average, indicating a need for training in the subject | Entrepreneurship education at post-secondary levels is below EU average, indicating a need for training in the subject | Targeting more customers who do not speak English |
| | Creating more online learning opportunities | Creating more training content | Improving marketing | Enhancing the local reach of marketing | Academic collaboration | Leveraging new technologies such as virtual reality |
| | | Improving accessibility and user-friendliness | Serving additional target groups, such as established entrepreneurs | Introducing more advanced education content | Adding more content in other languages than English | Promoting YouTube more as a source of knowledge |
| | | Developing the training concept to allow organizing training more than once a year | | Making courses available at all times | Enabling interaction between users and instructors | |
| | | | | | | |

| Threats | | | | | | |
|---------|---|--|--|---------------------------|---------------------------|---------------------------|
| | COVID-19 causing lockdowns of universities | Long-term decline in interest towards entrepreneurship | Long-term decline in interest towards entrepreneurship | Possible technical issues | Possible technical issues | Possible technical issues |
| | Possible COVID-19 infections at campuses | Possible technical issues | Possible COVID-19 infections at live events | Cybercrime | Cybercrime | Cybercrime |
| | Long-term decline in interest towards entrepreneurship | Cybercrime | Possible technical issues | | Piracy and plagiarism | Piracy and plagiarism |
| | Entrepreneurship education at post-secondary levels is below EU average | | Cybercrime | | | |
| | Possible technical issues | | | | | |
| | Cybercrime | | | | | |

Figure 11. Profiles and SWOT analysis of selected competitors of the commissioning companies’ product concept (Studyportals 2021; Entrepreneurship.de n.d.b; Entrepreneurship.de n.d.e; Expat Business Club n.d.a; Expat Business Club n.d.b; Expat Business Club n.d.c; Expat Business Club n.d.d; Heidenreich n.d.; Expat Business Club Germany n.d.; Harvard University n.d.a; Harvard Business School Online n.d.a; Harvard Business School Online n.d.b; Udemy n.d.a; Udemy n.d.b; Udemy n.d.c; YouTube n.d.a; YouTube n.d.b)

5.4 Cultural aspects

Hofstede has introduced a model in which cultures are assessed within six dimensions. In each dimension, countries are given a relative score. This shows, how countries differ in terms of culture in several contexts. The author will examine Germany within the six dimensions of the Hofstede method to further unveil cultural aspects to consider in the market entry. (Hofstede Insights n.d.a)

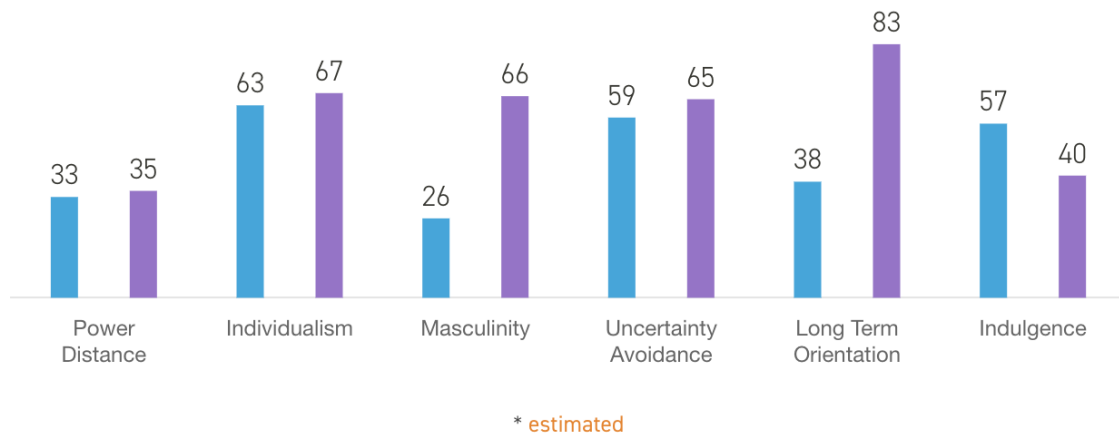


Figure 12. Comparison of Finland and Germany's scores in Hofstede's six dimensions of culture (Hofstede Insights n.d.b)

Germany's Power Distance is low, meaning that people do not accept unequal distribution of power and instead expect equality in this context. In Germany, a direct and participative approach should be utilized in communication. (Hofstede Insights n.d.b)

Germany is a very individualistic country, which means that its citizens mostly care for themselves and their family. Germans value honesty to the extreme, and will bring forth even hurtful truths in order to support learning from one's mistakes. (Hofstede Insights n.d.b)

Opposite to Finland, German is a masculine society. Great importance is given to performance and achievements. Furthermore, Germans value succeeding at work more than focusing on quality of life. Material possessions, such as cars and technical gadgets, are used to project status. Germany is also characterized by a high level of competitiveness. The common goal for people is to be the best. This is an important aspect to keep in mind when marketing products in the German environment. Highlighting a product's greatness and superior characteristics attracts local customers (Edwards 2021). (Hofstede Insights n.d.b)

Germany scores high on the Uncertainty Avoidance Index. This index refers to how comfortable the members of a society are with uncertainty and complex situations. Due to

their uncertainty, Germans pay a lot of attention to details, gathering knowledge and expertise as well as consideration between different options. In for example presentations and product descriptions, facts and data weigh more than descriptions of what can be achieved by purchasing and using the product (Edwards 2021). (Hofstede Insights n.d.b)

Long-term orientation refers to how countries view their traditions and past as well as the future. Germany scores high on this dimension, making it a pragmatic society. While countries scoring low on this aspect prefer sticking to existing traditions and norms, pragmatic countries promote development and are characterized by strong tendencies towards saving and investing as well as persistence in order to achieve the wanted goals and results. (Hofstede Insights n.d.b)

Finally, indulgence refers to how much people attempt to control their desires and impulses. As Germany's score is low in this regard, its' culture can be described as restrained. For Germans, free time is not a priority, nor is their desires. Following social norms also poses limits to peoples' lives. Restrained cultures tend to show cynicism and pessimism. When targeting the German market, it should be noted that emphasizing leisure time and gratification of desires is unlikely to prove a successful strategy (Edwards 2021). (Hofstede Insights n.d.b)

5.4.1 Local consumer behaviour

German customers are known to be demanding, and while price does carry value in purchase decisions, Germans also pay a lot of effort to compare different alternatives and to get information about the specifics of different products. (Santander Trade 2021b)

Online shopping is very common in Germany, and the country's online market is the biggest in Europe (Santander Trade 2021b). With regard to payment methods, 48% of Germans prefer using PayPal or other similar payment methods while 21% prefer invoices and 19% using debit or credit cards. It is worth considering that these payment habits vary greatly from Finland. The clearest differences are the popularity of PayPal and similar methods of payment and the lesser use of direct bank payments. (PostNord 2020, 25.)

| | | | | | | | | | | | | |
|---|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| Debit card or credit card | 51% | 54% | 23% | 37% | 24% | 51% | 19% | 57% | 28% | 55% | 37% | 29% |
| Invoice | 0% | 3% | 9% | 1% | 1% | 1% | 21% | 1% | 30% | 4% | 20% | 20% |
| Direct payment through my bank | 1% | 5% | 12% | 1% | 27% | 2% | 6% | 2% | 13% | 3% | 6% | 22% |
| PayPal or similar | 44% | 23% | 22% | 54% | 25% | 41% | 48% | 34% | 14% | 16% | 21% | 23% |
| Cash on Delivery | 1% | 2% | 2% | 3% | 12% | 3% | 2% | 2% | 1% | 0% | 1% | 1% |
| Payment by installments | 0% | 0% | 1% | 0% | 0% | 0% | 0% | 0% | 0% | 1% | 1% | 2% |
| Mobile app (e.g. Swish, MobilePay, Vipps) | 0% | 11% | 21% | 1% | 8% | 1% | 2% | 1% | 10% | 18% | 11% | 2% |
| Other/Don't know | 2% | 1% | 10% | 3% | 2% | 1% | 2% | 3% | 4% | 3% | 3% | 2% |

■ UK
 ■ Belgium
 ■ Netherlands
 ■ Italy
 ■ Poland
 ■ Spain
 ■ Germany
 ■ France
 ■ Sweden
 ■ Denmark
 ■ Norway
 ■ Finland

Figure 13. Preferred online payment methods in selected European countries in 2020 (PostNord 2020, 25.)

6 Internal analysis

In order to analyze and gain understanding about internal aspects related to the market entry, the author will provide an outlook of the positioning of the commissioning companies' product concept in the German market. A description of product Z's customer profile will also be presented to clarify customers' behavior and needs.

Furthermore, the author will conduct a SWOT analysis in order to provide an outlook of the strengths, weaknesses, opportunities and threats related to the joint venture and the product concept. Strengths and weaknesses consider internal aspects such as a company's capabilities and resources, opportunities and threats point out external aspects related to the company's business environment. (Whittington et al. 2020, 112–113.)

The purpose of conducting a SWOT analysis is to gain an understanding of a company's current situation as well as to provide grounds for determining strategic courses of action. To maximize chances of success, a company's strategy should be founded on its strengths and competitive advantages. On the other hand, strategic actions should also be planned for addressing crucial weaknesses and threats in order to minimize risks. (Gamble, Peteraf & Thompson 2019, 70.)

6.1 Positioning

As stated earlier, positioning goes hand in hand with mission and vision. The mission of the client companies' concept is to boost profits, drive development and improve networks of solopreneurs. The vision is creating an international solopreneur community for information, inspiration and collaboration.

Since the first step of positioning, that is determining the competitive frame of reference, has been completed in the competitive analysis, the author will start with identifying PODs. In product Z's case, the PODs are its focus on improving and growing businesses, providing personal one-one-one mentoring and support as well as tailored training content to suit individual needs. Also, the concept is very community-oriented.

Product Z's PAPs, on the other, include offering training by reputable educators, providing learning material in multiple forms, granting certificates as well as having a members' area where customers can access the online training content.

The brand mantra, capturing the essence of product Z, is "Collective solopreneur development". The word development was chosen due to the focus on strengthening the core of businesses to drive better results, while solopreneur defines the field of focus. The emotional modifier, collective, stands for the community as well as mentoring and support.

Positioning statement of product Z is the following: To solopreneurs in the creative industries, product Z is an online community platform for training, mentorship and networks that provides individually tailored education, one-on-one support and a community with the focus of improving and developing businesses.

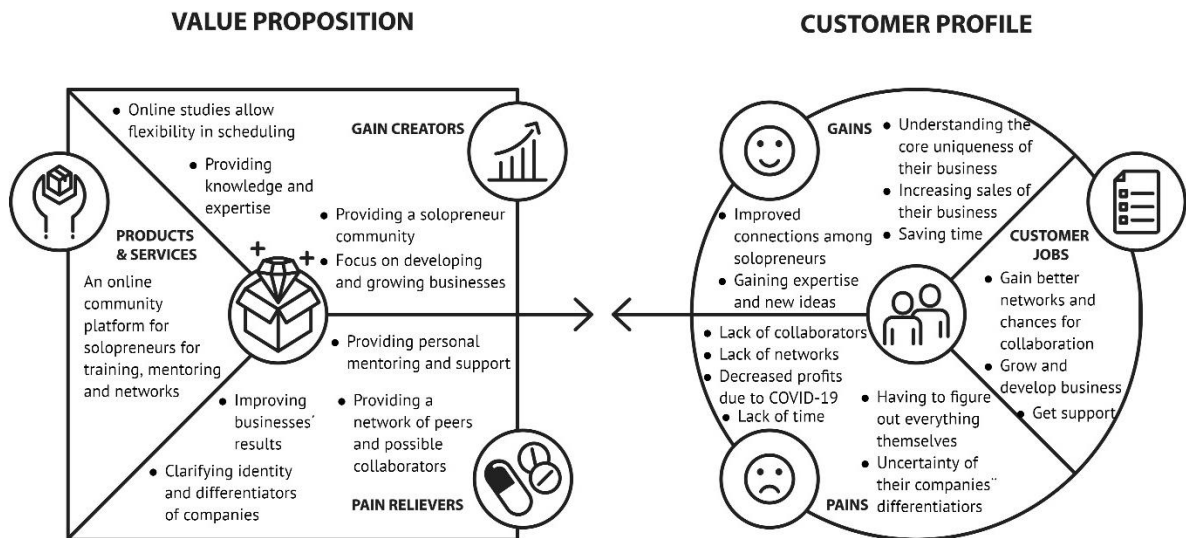


Figure 14. Value proposition canvas of product Z (Shutterstock n.d.a).

The value proposition of product Z, built based on the insights presented in figure 14, is “Minimizing the solo in solopreneurship to develop your business and its results.”

6.1.1 Positioning maps

The positioning maps presented in this section are based on research conducted by SILTA, a consulting company specializing in market entries of Finnish companies to Germany, as well as the authors' own observations. SILTA's research and the author's observations are based on analysis of competitors' offerings, meaning that they do not include opinions and perceptions of customers. Hence, the objective of the positioning conducted in this thesis is to give the client companies a general overview of their position in Germany.

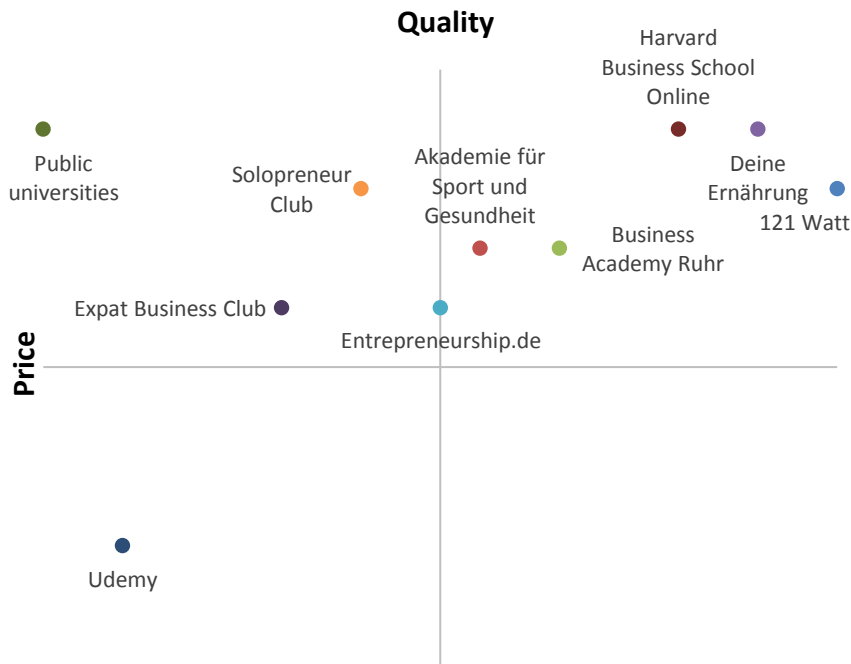


Figure 15. Positioning of competitors based on price and quality

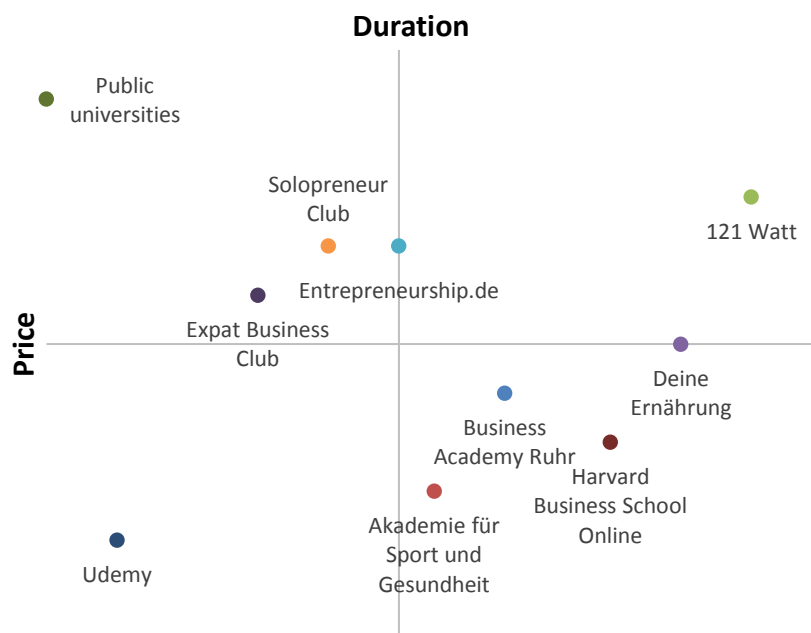


Figure 16. Positioning of competitors based on price and duration.

As shown in figure 15, competitors offerings vary greatly in terms of price, while the level of quality is high in general. This may be due to competitors considering quality as a key element for competing in the industry and keeping up profitability. Figure 16, in turn, indicates that while there is variance in terms of duration as well, least competition is

focused on providing training with long duration and high price as well as low price and low duration.

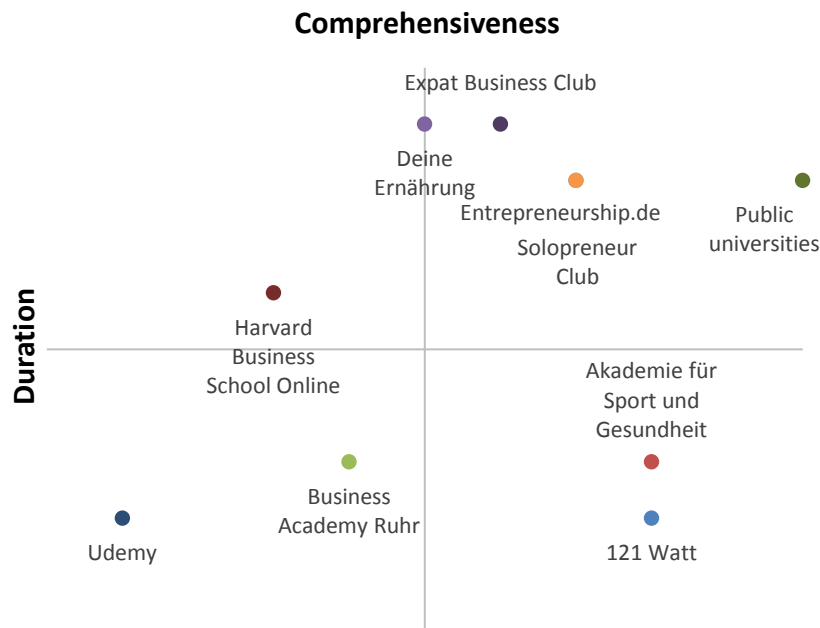


Figure 17. Positioning of competitors based on duration and comprehensiveness.

The positioning map shown in figure 17 proves that education providers whose training is more comprehensive also tend to have longer duration in their training. Comprehensiveness in this context means how widely the training provided offers skills and knowledge for entrepreneurs. If compared to the previous positioning maps, it can be seen that almost all rivals offering comprehensive training with long duration have medium to low prices. Only Deine Ernährung combines comprehensiveness, long duration and high price.

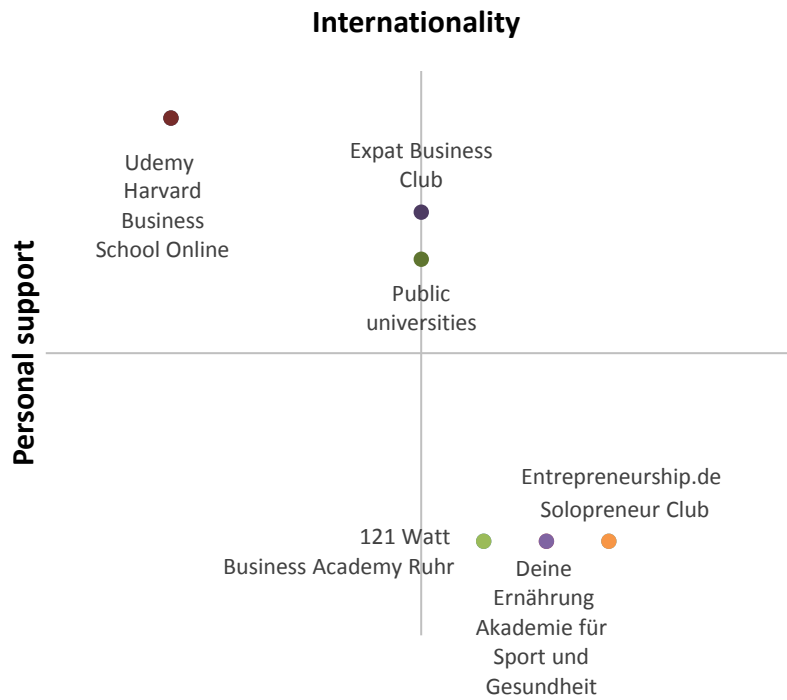


Figure 18. Positioning of competitors based on levels of personal support and internationality.

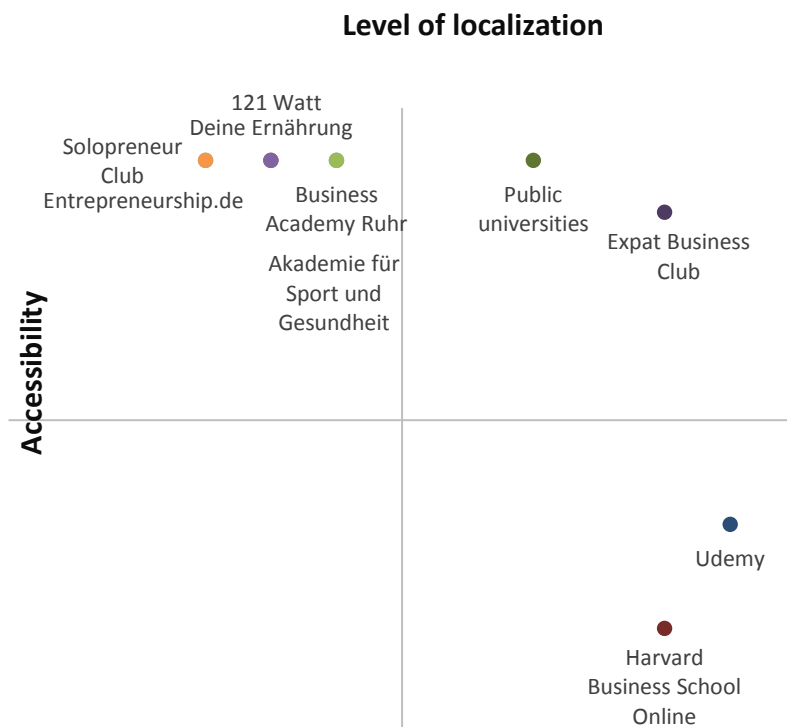


Figure 19. Positioning of competitors based on levels of accessibility and localization.

Figure 18 displays a gap in service providers who have a high focus on providing personal support and are above a medium level of internationality. Internationality, in this case, refers to how many countries companies are operating in, as well as for example whether they are marketing and communicating in English or just the local language. Furthermore, figure 19 shows a gap in providing accessible training that has a medium level of localization.

These positioning maps indicate that there is room in the market for the commissioning companies. In the competitive environment, ideal positioning of the client companies' product concept consists of above medium pricing, long duration, comprehensiveness, high focus on personal support, internationality, accessibility and a medium level of localization.

6.2 Customer profile

The average customer of product Z, represented hereby as Lisa, is a native German in her late thirties. She has completed a university degree in business administration prior to establishing her own company two years back. Lisa works as a part-time solopreneur in the creative industry and her company is focused on the business-to-consumer sector. She has used her own savings to fund her business and has not received any external financial support.



Figure 20. Photo reference to visualize a potential customer (Shutterstock n.d.b).

Lisa has children and finds it hard to balance family and work life. She feels like she does not have a proper network to support her entrepreneurial venture and feels a lack of opportunities for collaboration with other entrepreneurs and established companies. She is also unable to gain access to investors and finds that difficult. Lisa has faced great challenges due to the economic influences of COVID-19. At this moment, her main issues with her company are improving sales and customer acquisition.

6.3 SWOT analysis

One of the key strengths regarding the entry and process and product concept is the commissioning companies' knowledge and competencies in solopreneurship. This expertise is a resource that cannot be easily copied as such, making it an essential advantage for companies X and Y. The client companies also have core capabilities in training and mentorship, as they have been providing both for several years. As company Y is focused on the field of marketing, the company possesses strong abilities in the subject.

Additional strengths are related to the purpose and design of product Z, including focus on networks and community, one-on-one guidance and mentoring as well as focus on improving participants' businesses. These product attributes and benefits are easier to replicate by existing or new competitors. To mitigate this risk, the client companies should embrace continuous development and keep improving these aspects and the value provided. Lastly, the client companies' venture benefits from the good reputation of Finnish education. This is an advantage, that only potential competitors emerging from Finland could also benefit from.

As product Z is a new concept and companies X and Y have not had any prior operation in Germany, there is practically no local recognition to begin with. To overcome the lack of brand awareness, a lot of focus and effort needs to be put on marketing. There are also weaknesses related directly to the product concept, including limited level of localization, training running only once a year, having only one training to begin with as well as the fact that the live events forming a part of the training require travelling to Finland. Moreover, weaknesses regarding companies X and Y and their internal capacities involve insufficient

workforce capacity, lack of knowledge of the German language as well as gaps in knowledge about the target market.

Due to legal restrictions, granting formal degree certificates for training provided in the product Z platform is not possible. However, a custom certificate can still be created to validate and confirm completion of the training. In order to have enough workforce capacity, the client companies need to either hire someone to run the market entry process or outsource the task. As the solopreneurs running companies X and Y do not have sufficient knowledge of the German language, the person they assign to run the launch should in order to enable efficient communication with for example possible local collaborators. Finally, to minimize the weakness concerning gaps in knowledge about the local market, the client companies should reach out to advisors of for example the German Finnish Chamber of Commerce in Finland. Business Finland also offers support for entering new international markets as well as provides market knowledge (Business Finland n.d.).

The market research revealed market opportunities for the joint venture, such as a need for networks among women entrepreneurs as well as the fact that entrepreneurs are currently focusing on product development and improving sales. One development opportunity for the commissioning companies is to improve localization by bringing some local aspects in their product offering. Establishing local partnerships can also not only improve localization, but increase effectiveness in reaching the target audience. The commissioning companies should also consider enabling completion of the training online. This way, the need to travel would be eliminated and the online version could run more than once a year. To address limitations regarding amount of trainings provided, the companies should already think of the next steps after launching the first training and plan possible topics for additional trainings. Additionally, it is always an option for the companies to start serving additional target groups.

The COVID-19 pandemic poses several threats for companies X and Y and their entry to Germany. The economic situation is uncertain and subject to changes as the pandemic keeps continuing. Prolonged duration of the pandemic bears further risks too as new mutations of the virus may emerge and restrictions may again be tightened. The losses have been especially great in the creative industries. For this reason, the company may consider the

opportunity to expand their target group. Further threats arise from long-term decline in interest towards entrepreneurship, which signals a weakening demand. Also, threat of possible emergence of new competitors is high.

As product Z is an online platform, technical issues and cybercrime also come into play. To decrease dependency on a functioning internet connection, the client companies should make the online training material at least partially downloadable. To improve data security, companies X and Y should comply with basic guidelines such as backing up data, keeping operating systems updated as well as encrypting data and devices. Furthermore, the companies should develop clear policies of how data is shared. (Rosanes 2021)



Figure 21. SWOT analysis of company X and Y's joint venture and product concept.

6.4 Competitive advantage

Based on the analysis of the internal aspects of the joint venture, competitive advantages were identified. One of the key advantages is the client companies' expertise in solopreneurship, derived from years of firsthand experience in the field. This advantage is only attainable to those service providers who themselves are, or have been, solopreneurs. Another clear advantage is that the training can be tailored to meet individual needs. In general, customers have very little, if any, opportunity to impact the content of the training they acquire.

Community-focused approach as well as personal support provide the client companies leverage over some competitors. However, it is not an advantage over all rivals as some of them have elements of both aspects in their offerings. The same applies to the training being built around participants applying what they learn in practice by developing their own companies to reach better results.

7 Market entry plan

In this section, the author will introduce a market entry plan for launching product Z in Germany. The objective is to lay out in detail all the necessary steps, timeline and resources required in order to successfully execute the market entry. To briefly clarify the background of the market entry, motives for companies X and Y's internationalization will be presented along with an international strategy statement.

7.1 Motives

The client companies' motives for internationalization are proactive, which is a strong starting point. The motives consist primarily of managerial urge as well as interest in seeking further profits and growth. Additionally, the research conducted in this thesis revealed opportunities in the German market for the client companies' product concept.

7.2 International strategy statement

In figure 22, the author has laid out the international strategy statement for companies X and Y. The objective was defined by defining a goal of attaining 15 participants per a year-long training annually and acquiring additional 90 customers in minimum by 2025, assuming that additional content and membership options will be added to the platform.

The advantage of company X and Y is based on leveraging their core competencies in solopreneurship, training and mentorship and marketing as well as personal, comprehensive and communal approach to training. To develop the international customer base, the companies will embrace a transnational strategy with semi-localized marketing and product offering.

This international strategy statement is a preliminary suggestion, and can be adjusted in future as the joint venture develops and progresses. It is meant to provide a short view into the basic elements of the strategy.



Figure 22. International strategy statement of the client companies.

7.3 Product launch idea

In order to resonate with the local audience as well as reach the target group effectively, the author suggests utilizing local collaboration as the cornerstone of the launch. The education content that companies X and Y provide in Finland involves various Finnish experts of fields such as marketing, brand identity and leadership who have been invited to share their insights and expertise as a part of the training. The author suggests adapting the same idea in the German market. German locally well-known experts in the desired fields can be invited to give guest lectures and workshops as a part of the training. This can be applied to both online content as well as live events included in the training. To ensure selecting experts who are valued by locals and have a sufficient level of recognition, the author advises the companies to seek recommendations from external advisors with proper familiarity with the German market.

Adapting this approach and enhancing the level of localization will make the product offering more relevant in the local market. Furthermore, this allows benefiting from the local recognition of the personal brands of the invited experts as well as the companies they represent.

Another way the author suggests capitalizing on local collaboration is seeking partners such as entrepreneurial organizations for assistance in marketing. Solopreneurs in the creative industries in Germany is a very defined target group, and local collaboration for marketing purposes will enhance the level to which the company's message will reach the right people. In practice, this would mean for example offering discounts to members of local entrepreneurs' associations. Below are examples of possible partners that the companies can contact:

- Business Network International Germany – a network for entrepreneurs to create contacts and improve sales through recommendations (BNI Germany - Austria n.d.)

- Entrepreneurs' Organization Germany – a regional chapter of a global peer network. The organization has local chapters of for example 252 members in Berlin and 129 members in Munich (Entrepreneurship Organization n.d.a). (Entrepreneurship Organization n.d.b)
- Association of German Women Entrepreneurs – a platform established in 1954 for women in business focused on building a network and advocating for women entrepreneurs. The association has 16 local branches in Germany with a total number of around 1800 members. The association organizes over 300 events every year. (Verband deutscher Unternehmerinnen n.d.)

The author also came across several informal solopreneur and entrepreneur groups that the companies can contact. In order to boost promotion of the product Z, companies X and Y can for example arrange introductory sessions for participants of the groups. Below are a few examples of these informal groups:

- Solopreneurs Berlin Meetup – Public group with 2362 members operating in German language. The group meets up monthly in a local café. (Meetup n.d.a)
- Berlin Freelancers Breakfast – Public group with 575 members operating in English. The group meets twice a month for breakfast in a local hotel. (Meetup n.d.b)
- Berlin Entrepreneurs Group – Public group with 3627 members operating in English. Events are organized focused on themes such as digital strategy, marketing and growth. (Meetup n.d.c)
- Female Entrepreneurs Munich – Public group with 1450 members operating in English. (Meetup n.d.d)

7.4 Goals and measurement

In order to provide a framework on the basis of which to assess the success of the market entry in focus, the author has identified the following goals:

1. Create brand awareness in Germany
2. Establish collaboration with local companies and organizations
3. Have 15 local participants in the first training
4. Have 130 solopreneurs from Germany in the product Z platform by 2025

To measure how well the companies succeed in creating brand awareness in the new market, statistics of social media posts and ads need to be followed regularly. Website traffic should also be monitored on a monthly basis.

The second goal will be measured by the number, but also the quality, of partnerships formed. Quality in this context refers to for example the size and reputation of the collaborators.

In order to keep track of progress towards meeting the last three of the goals, the companies should follow their sales closely. This way, action can be taken to adjust marketing if it seems that the sales are moving too slow.

7.5 Working plan and timeline

| Time | Task |
|---------------------|--|
| Nov 2021 | Seek for legal counsel to understand for example local data security regulation |
| Nov 2021 | Contact Finnish German Chamber of Commerce and Business Finland for further knowledge about the German market and possible assistance in the entry |
| Nov-Dec 2021 | Finalize building the product Z online platform and decide on details such as pricing |
| Dec 2021 | Hire a project director to run the market launch |
| Dec 2021 | Publish a website |
| Dec 2021 – Jan 2022 | Contact German experts and get content from them for the training |
| Jan – Dec 2022 | Pilot run of the training |
| Jan 2023 | Kick-off (pilot run) |
| Jan 2022 | Conduct a questionnaire to map expectations and thoughts of customers when the training starts |
| Jan – Jul 2023 | Online studies |
| Jun 2022 | Collect feedback from test customers and make needed adjustments |
| Jul 2023 | Mid-year meeting (pilot run) |
| Jul – Dec 2023 | Online studies (pilot run) |
| Jul 2022 | Create marketing material |
| Aug 2021 – Sep 2022 | Contact companies and organizations in Germany to form partnerships |
| Sep 2022 | Send marketing material to the local collaborators |
| Sep 2022 | Launch social media marketing |
| Sep 2022 | Launch product Z for sale in the German market |
| Sep 2022 | Release teaser video clips featuring German experts |
| Dec 2023 | Pitch & Shine (pilot run) |
| Dec 2022 | Collect feedback from test customers and make needed adjustments |
| Jan 2023 | First training starts |
| Jan 2023 | Kick-off |
| Jan – Jul 2023 | Online studies |
| Jul 2023 | Mid-year meeting |
| Jul – Dec 2023 | Online studies |
| Dec 2023 | Pitch & Shine |

Figure 23. Working plan and timeline of the market entry.

7.6 Follow-up

Firstly, the client companies need to assess how well the product launch has gone with regard to the goals set. Also, they must collect and analyze feedback from the participants of the first training and make adjustments and improvements as needed.

Once the first training in January 2023 has started, the companies should start focusing on developing the product Z platform further. The author suggests that as the next step the companies develop more training content with specialized focus points, leveraging from the expertise and know-how of companies X and Y while considering customer needs. Examples of topics for additional training content are time management, boosting customer acquisition and how to convince investors to fund a company. New training content should be introduced around May 2023 and September 2023.

The author suggests that the next phase would be introducing community membership. The community membership would give solopreneurs access to a network of peers and enable connecting with other community members in the platform. In future, features such as partner search could be included to add further value. The concept of community membership is supported by the findings of this research, stating that there is a need for access to networks among the target group. Ideally, the new membership option should be published in the beginning of 2024, after a solid customer base has been attained.

7.7 Required resources

First and foremost, the market entry requires the development of the online platform of product Z. This is the first priority that should be refined and fully functional before moving further in the market entry process. As increasing brand awareness is crucial for a successful launch, promotion of product Z and its training via for example LinkedIn requires a sufficient budget.

Additional expenditure incurs from the fees required for getting German experts to produce content and give lectures or host workshops for the training both online and at live events.

In the case of inviting them to live events in Finland, flight and accommodation costs also need to be considered.

Prior to initiating the market entry process, the client companies should seek for legal counsel in order to gain a clear understanding of any legal aspects they may need to consider in terms of for example marketing in Germany. This may cause some additional costs as well.

As both of the client companies are run by solopreneurs, it is not realistic to assume that they can carry out all the necessary steps related to the market entry by themselves. Therefore, external support will be needed. The author advises, that the companies hire an agent whose responsibility will be to ensure that all tasks related to the market entry are being completed in the proposed timeline. Additional responsibilities of the agent could for example include creating local contacts and partnerships. The external agent does not, however, need to necessarily work full-time on the project. The agent should be familiar with the German market environment and have a working proficiency in German.

Due to the virtual nature of the product Z platform and the products in it, no office space will be needed in Germany. As the training provided in the platform will be run by the client companies and the market entry performed in cooperation with an external agent, no additional local workforce will be needed.

8 Recommendations

The research conducted as a part of this thesis clearly shows that creative industries have been hit hard by COVID-19, and solopreneurs are among those who have faced most challenges due to the situation. Furthermore, solopreneurs in the creative industries is a rather narrow specification and can be hard to target. Therefore, the author advises expanding the target group to solopreneurs regardless of their business area.

At the moment, the client companies' training concept is planned so that it runs once a year. That limits the availability, and consequently sales potential. The author suggests dividing the live events as separate, add-on products. This would enable scaling the joint venture and

selling the online training on a continuous flow as well as appealing to those who are not willing or interested in traveling to Finland to participate the live events. As it may be perceived that it is a key element of the training that a close group is formed of the participants who start the training at the same time, the companies could consider setting up joint starting dates for example on a quarterly basis.

To further increase accessibility, as well as to increase the level of localization, the companies could consider organizing live meet-ups in Germany in addition to those arranged in Finland. These events could be realized in collaboration with a local partner.

When marketing in the German market, it is essential to consider cultural differences and optimize messages to appeal more to the local audience. The author recommends leveraging Finland's country image and highlighting its success in for example education rankings, where it currently places in the top five of all countries worldwide (Legatum Institute 2020). Another recommendation is ensuring a sufficient level of detailed information about the training concept such as what topics are covered, what content is provided for learning, how much personal mentoring is provided and how much time the training takes on a weekly basis.

Furthermore, facts and data-based messages are likely to appeal to the local consumers. The author recommends using feedback from previous or current clients accompanied with information on for example how much clients have been able to increase their sales revenue since participating the training.

9 Conclusion

The German market holds many favourable conditions and opportunities for companies X and Y. The political environment is stable and poses little risk, while the industry analysis indicates that there are reasonable chances of profitability for product Z. The research also revealed a need among product Z's target group for improved access to entrepreneurial networks and possible collaborators as well as a trend in focus towards product development and boosting profits.

The most crucial risks to the entry are external risks such as cybercrime and economic uncertainty and losses in the creative industry caused by COVID-19 as well as internal weaknesses such as gaps in knowledge about the target market. Suggestions were provided to minimize these risks.

The positioning of competitors indicates that there is room in the market for the client companies' product concept. The key competitive advantages of the commissioners are their expertise in solopreneurship as well as ability to tailor the offered training to meet individual needs. Community-focused approach, personal support and focus on improving customers' businesses also provide leverage over some competitors.

Recommendations were introduced in order to improve likelihood of a successful market entry. The most essential notions regarded expanding the target group to solopreneurs across all industries as well as enabling completing the solopreneur training online in order to enable scaling of the product concept. Additionally, suggestions were given to further improve localization by organizing events in Germany as well as optimizing marketing messages taking cultural aspects into consideration.

A plan was created for entering the German market utilizing local collaboration. In practice, this means inviting local experts as guest lecturers for the training provided in the product Z platform as well as collaborating with for example local entrepreneurial organisations to reach the target group more effectively. A workplan was made introducing the steps and timetable for implementing the entry. As a follow-up, the author suggests introducing further specialized training in topics such as time management, customer acquisition and convincing investors to fund a company. Finally, the author recommends introducing a community membership option providing a possibility to connect with a network of peers and, in future, enable for example partner search.

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