



## **Portugal Market entry plan for Empress Wood Co. and screening for potential partners**

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## Abstract

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<b>Number of pages and appendix pages</b> 50 + 5
<p>This bachelor's Thesis is a research-based thesis with a goal to conduct a specific Portuguese market research, compare different market entry plans and partner candidates in Portuguese market for the wood producer company called Empress Wood.</p> <p>The scope of the research is to provide the company with the needed information for the business extension. The research consists of secondary theoretical research and primary research via interviews.</p> <p>Construction industry is increasing globally due to urbanization and population growth. Environmentally friendly building is trending due to common sustainability goals. New innovations and material use is required where wood can work as one of the solutions.</p> <p>This research focuses on the Portuguese market and its business possibilities for the Empress Wood. The market research focuses on the wood market of Portugal and more specifically interior design market.</p> <p>The theoretical framework consists of overview to Portuguese market, exporting modes, theories with export partners, Porters five forces, and 4P's. Exporting modes provide information of the most common exporting categories. Theories of exporting with partners provide information for partner decision, screening, and rating. Porters five forces provides tools to use for knowing the market better and differentiating in it. The 4P's brings a marketing point of view to the exportation.</p> <p>One main research method was conducting interviews. Interviews provided insight to the industry and Portuguese market. Most important take out was the most important partner criteria rating being shared values, size, and reputation. Research was also conducted about Portuguese wood industry and interior design trends bringing up the growing demand for wood. Potential partners were researched, and top two agents, top 4 distributors and top 4 architect firms presented.</p> <p>The results show that Portugal has a growing trend in wood building with sustainability mindset. Portuguese high tourism brings more construction projects. The complexity of the Empress Wood entry business models requires taking the whole value chain under consideration including influencers like architects, agents, and distributors.</p> <p>In conclusion, Portugal has potential market for the Empress Wood. Empress Wood should export with partners but visit them and a trade fair in Portugal. When entering the market, the brand should highlight sustainability of the product. The research gave valuable information in a well structures form for the company. Author learned about Portuguese market, exporting theories, and how to conduct a solo research.</p>
<b>Key words</b> Portugal, exporting, wood, premium wood, export partner, interior design, construction

## Table of contents

1	Introduction .....	1
1.1	Background to the topic.....	1
1.2	Research question .....	3
1.3	Demarcation.....	5
1.4	Benefits .....	5
1.5	Key concepts.....	6
1.6	Commissioning company .....	6
2	Market entry modes to Portugal and screening potential partners .....	8
2.1	Market entry modes.....	9
2.2	Exporting with partners theory .....	10
2.3	Partner screening methodology.....	12
2.4	Partner criteria rating.....	14
2.5	Porters five forces .....	15
2.6	The 4 P's.....	17
3	Research Methods .....	21
3.1	Secondary Data analysis.....	21
3.2	Decision of research method .....	22
3.3	Research of current trends and other market factors.....	27
3.4	Market research of potential country agents, distributors, and influencers.....	31
4	Data and results .....	37
5	Conclusions and recommendations .....	41
5.1	Conclusion .....	41
5.2	Recommendation .....	42
5.3	Reflection on the thesis process.....	43
	References .....	46
	Appendices.....	51
	Appendix 1. Interview of Guillermo Solano adviser from Business Finland .....	51
	Appendix 2. Interview of Pauli Turunen the business owner of Empress Wood .....	53

# 1 Introduction

This is a research type of a bachelor's thesis for the Degree Programme in International business in the major specialization of Customer relationship management and communication in the Haa-ga-Helia University of Applied Sciences. The thesis is made with a commissioning company called Empress Wood.

Hence, chapter will talk about the background and the drivers that lead to this specific thesis study with Empress Wood. The background will follow with the investigative questions which work as a kind of subheadings to better structure the thesis topic and form it into a theme that can be re-searched and defined.

The thesis topic needs to be narrowed down to keep it comprehensive and manageable. Demarca-tion part will more closely describe where the research lines were drawn. The thesis is made with a company with a goal of conducting a study that will benefit the company. The benefits for the com-pany will be pointed out and the commissioning company presented.

Evidently the topic of the thesis is something that in some parts might require knowledge of the industry. To keep all the readers on track the most important concepts will be opened up and ex-plaind with examples.

## 1.1 Background to the topic

Due to urbanization and population growth global construction market is growing and is expected to increase up to \$22,873.96 billion in 2026 from \$13,570.90 billion in 2021. That would mean al-most double. The construction industry is facing a pressure of change into more sustainable prac-tices and material decisions. Hence, the global construction industry generates around 40% of the world's total waste. (Philipose 2023)

To answer sustainability challenges in the construction market requires new technologies and new ways of thinking and usage of materials. One of the options to mitigate negative environmental impacts in the built environment is to build with sustainable materials, like wood (Zvirgzdins n.d.).

“The United Nations' Sustainable Development Goals (SDGs) have set targets for reducing carbon emissions and increasing energy efficiency, and the construction industry has an im-portant role to play in achieving these goals.” (Philipose 2023)

Building with wood is a little studied so far. However, the interest in timber building is uprise global-ly. Timber products are cost-effective, lightweight which generates greener supply chain, and are

easy and quick to install. These together make the project costs lower with reduction of labour and generates more green jobs. (Gecys, Geipele, Kanapeckiene, Tupenaite & Zilenaite 2021)

“Use of timber reduces the environmental impact of a building for several reasons: (1) wood is the only renewable construction material that requires very little energy for its processing; (2) all timber products store carbon; (3) timber emits less greenhouse gases in the production process and does not emit CO<sub>2</sub> during the lifetime of the building; (4) timber products are re-usable and recyclable” (Gecys, Geipele, Kanapeckiene, Tupenaite & Zilenaite 2021)

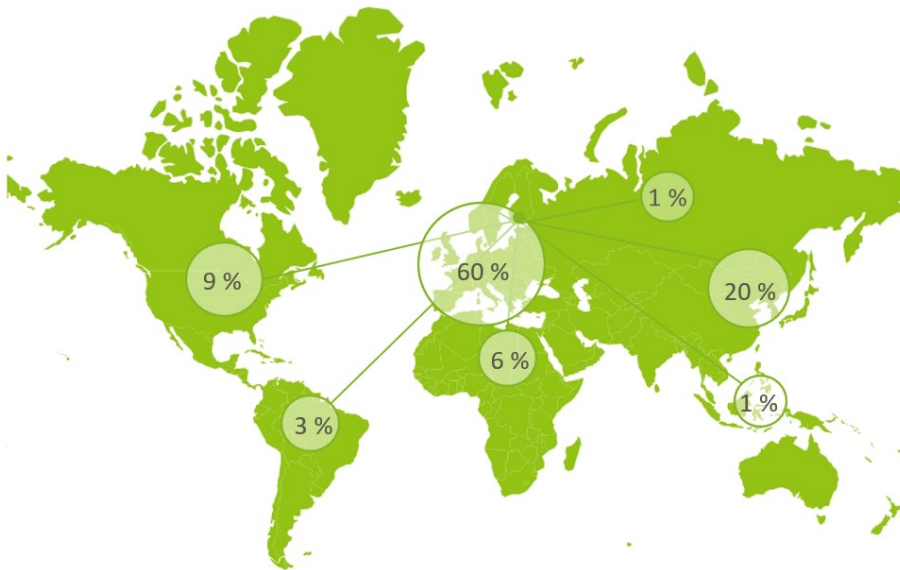
European Union is highlighting its sustainability practices and is working towards green transition. Portugal is one of the countries that is receiving a green transition money from the EU by 2026. The plan is called recovery and resilience plan and will support three areas that are: resilience, climate change, and digital transition. (Government of Portugal 2023.)

Evidently, global markets and Portuguese markets are still recovering after lockdowns during Pandemic years. Economies are rising and tourism returning. Tourism is one of the big positive factors in the Portuguese market considering in 2020 the most important sector of Portuguese economy were wholesale and retail trade, transport, accommodation, and food services topping up to 20,8% of the total economy. (European Union n.d.)

The wood industry includes subcategories such as manufacture of furniture, manufacture of wood products, manufacturing paper, and forestry and logging. For European Union one of the biggest wood trading countries has traditionally been Russia. However, after the Russian invasion to Ukraine Europe has stopped the buy of wood product from Russia among other sanctions. EU region has more than 159 million hectares of forest and in 2021 forestry and wood-based industry employed 3.2 million people. (European Union 2023.)

Finland has been producing wood for exports already since the 16<sup>th</sup> century. Nowadays wood products paper and cardboard are the main exports of Finland with a value of 6.4 billion euros in 2021. Most of the Finnish wood manufacturing products are being exported. The total value of wood export was around 13.2 billion euros in 2021. Thus, wood export was one fifth of the total exports from Finland. The export of the Finnish wood products has been in slight increase. Most of the wood industry products are exported to Europe (60%) and Asia (20%) as presented in the picture 1. (Eskelinen 2022.)

Picture 1. Finnish wood industry export by region in 2022 (Eskelinen 2023)



This research is looking more deeply into the Portuguese market. The commissioning company Empress Wood has interest in the market and requested author to conduct this study. Author had studied international Business and this research was an excellent place to put the learnt skills in test. This research provides information about exporting theories and more specifically exporting with partners. In addition, current information about the market factors and trends in the wood industry of Portugal.

## 1.2 Research question

This thesis aims to create an understanding of the Portuguese market and especially wood market in the interior design industry and how the market entry can be efficiently done with partners. The research question of this thesis was: What kind of market entry plan and partners would be beneficial for Empress Wood in Portuguese interior design market?

To study the research topic in a structured and comprehensive way the research question was divided into to four (4) separate project tasks called interview questions as follow:

IQ 1. What is the importance of partners in the market entry plan?

IQ 2. What kind of partners would be beneficial for Empress Wood?

IQ 3. Why is interior design industry potential for Empress Wood in Portugal?

IQ 4. What are the most important criteria for choosing partner for interior design industry or other relevant industries?

Table 1. below overlays the research structure in a visual way showing each interview question separately, the theory that was applied to it, the research method used and the topic specific outcome of the study.

Table 1. Overlay matrix.

Project Task	Theoretical Framework	Research Methods	Outcomes
IQ 1. What is the importance of the partners in the market entry plan?	Market entry modes, exporting with partners theory, partner screening methodology	Course materials and other high quality sources	Exporting with partner gives better possibility to succeed in the market with partners local expertise and resources when values and targets are aligned with partner company.
IQ 2. What kind of partners would be beneficial for Empress Wood?	Market research of potential country distributors, agents, and influencers	Secondary desktop research (Statista), external interview (Business Finland Portugal),	Local operator either sales agent who generates leads or distributor who is the end customer in the market.
IQ 3. Why is interior design industry potential for Empress Wood in Portugal?	The 4 P's, Porters five forces	Qualitative interview in the company and external interview (Business Finland Portugal), high quality sources	Current interior design trends follow sustainability, new innovations and demand for imported wood is rising.
IQ 4. What are the most important criteria for choosing partner for interior design industry or other relevant industries?	Partner criteria rating, partner screening methodology	Internal sources, quantitative research of potential partners, Qualitative interview in the company and external interview (Business Finland Portugal)	The most important criterias are shared values, big size not too big and have good reputation in the market.

### **1.3 Demarcation**

The topic of this thesis is Portugal Market entry plan for Empress Wood Co. and screening for potential partners. The research has been conducted focusing on the aspects that are considered being relevant to the commissioning company. Research on the Portuguese market is done briefly and focus is on the wood and construction industries.

Empress wood would have possibility also in the industrial manufacturing as a raw material. It could be presented to manufacturers with products such as sailing boat or musical instruments. However this research of possible manufacturers and partners interested trying wood as a manufacturing material was left out and focus was solely in the construction of buildings.

Building industry is wide and includes many categories. This thesis research focuses mainly on interior design as it being the most interesting market for the commissioning company. However building whole buildings as a project work are not left out from the research entirely.

The part called Market entry modes to Portugal and screening potential partners includes the theoretical framework of the research. The theories discussed refer most of the times to product but most of the theories are applicable to services as well. This was made to keep it more consistent and relevant to the current case.

### **1.4 Benefits**

This research will provide a profound look into the possibilities in the Portuguese market for the commissioning company Empress Wood. The research will give more information about Portuguese market and the specific relevant industries in it like interior design and construction. With these information company can consider and decide the attractiveness of the target market.

Theoretical framework and potential partners research provides tools on how to look for potential partners in the Portuguese market but the theory can be applied to other interesting markets that the commissioning company might be interested in the future. In Portuguese market a short list of potential partners has been created as a part of this research and company can use it with their aims in the market.

Conducting the research gave author a great deal of deeper understanding into exporting. Through interviews author had a possibility to network with professionals in foreign markets. Thus, the research process was improving authors skills in writing, conducting a research and workign with business professionals.

## 1.5 Key concepts

**Empress Tree**, also known as Princess Tree, Royal Empress Tree, Kiri and Paulownia is a tree that originates to Southeast Asia. Its scientific name is Paulownia tomentosa. It has deep stable roots making it wind and incline resistance. It also grows in low quality soil and grows really fast. It is light weighted, very fire resistance, high temperature resistant among other qualities. The tree is said to be the material of the future and global demand for it is growing due to its qualities. (iPaulownia n.d.; North Caroline Plant toolbox n.d.)

**Interior design** has various definitions. It is creating an interface between people and the building they use. It includes the choice of materials, functional organization of the facilities, strategic planning of the space and its use. (Higgins 2015)

**Export Partner** in a company context export partner refers to an external operator who is participating in the companies operations in the exporting market.

**Agent** in exporting context this refers to an operator also called as representative or sales agent. They are normally normally a person in the exporting market who starts representing the exporting company and generates sales leads. Agent is also an export partner.

**Distributor** or in the local market called distributor is an export partner who is usually also the end customer. Distributor takes possession of goods and provides necessary pre- and post-sale services (Seyoum 2022, 112).

## 1.6 Commissioning company

Empress Wood is a new operator and therefore doesn't have all the company information public yet. The website is to be launched in May 2023, only few weeks after this research. Empress Wood goes by with two names. Hovipuu in the Finnish market and Empress Wood for the international markets.

Empress Wood is a supplementary firm name of a company called Metsäpalvelu Turunen. Metsäpalvelu Turunen is a Finnish forestry company from Eastern Finland from a city called Joensuu where they have their headquarters. Company is a family company founded in 2007. (Finder 2022.)

Metsäpalvelu Turunen had a total turnover of 1.99 million euros in 2022 with a profit of 9 000 €. They employ 5 people. They offer all kinds of services and products related to forestry such as forest management, consultancy, forest project planning and special timber cutting.

Empress Wood is the innovation of one of the company workers. It focuses on Specially treated Empress tree it imports from Eurasia. The Asian tree combined with Finnish wood expertise has created a great product. The qualities have been tested in cooperation with the University of Eastern Finland.

The product can be used in multiple ways. Empress Wood has so far made many sauna projects, interior design projects to private houses, terraces, manufacturing of sport and music instruments, and furniture. The possibilities for the use of the product are endless as Empress Wood owner Pauli Turunen would say.

The product is already being sold in Finland and has ongoing negotiations abroad. At the moment Empress wood does only specifically request projects and does the whole project custom made for the customers' needs. Company is aiming to grow organically and has been doing development of the brand and product steadily without a rush.

## 2 Market entry modes to Portugal and screening potential partners

Portugal consists of the mainland, Azores and Madera which are its two autonomous island regions. Portugal's population is 10.16 million making it a double compared to Finland. Portugal is part of European Union since 1986. Portugal shares the same currency with the most EU countries (euro) and the free movement of Schengen area.

Portugal's Gross domestic Product (GDP) was 250.06 billion US Dollars in 2021 (Statista 2022). Biggest economy shares in 2020 came from wholesale and retail trade, transport, accommodation, and food services (20.8%) and public administration, defence, education, human health and social work activities (20.7%) and industry (17.4%) (European Union).

Portugal's economy had a bad hit in the 2008 recession as can be seen in the Figure 1 below. Since then, the economy has steadily been growing and Statista estimates it to grow up to 319.41 billion US Dollars by 2027. Exporting to Portugal provides a possibility to have it as a gateway to the rest of the Portuguese speaking world like Brazil and Mozambique.

Portugal is facing the same global challenges as all the countries now with the inflation, instability, and unpredictability. European Union estimates its GDP growth to be 1% for 2023 and 1,8% for the following year. Inflation it estimates to calm down to 2,6% by 2024.

### Portugal: Gross domestic product (GDP) in current prices from 1987 to 2027 (in billion U.S. dollars)



Figure 1. GDP of Portugal (Statista 2022)

## 2.1 Market entry modes

After a company has made market research and decided to expand on a certain foreign market next step is to decide the most suitable strategy to do so. Choosing the right market entry plan will guide the entry through more successfully and later can positively effect on the growth in the market. For small and medium sized companies, the expanding decision is rather a big investment and a critical step rather than for well-established enterprises they can use their already existing international connections, models, knowledge, and other resources. Hence same companies might use different market entry modes to different markets. (Hollensen & Opresnik 2021, 62.)

Thus, there is no perfect market entry strategy and different modes might work for different companies in different markets. In some cases, firm make a bundle out of the market entry modes and use a mixture of them. These kind of combinations of modes might be used to enter or develop a specific market. (Hollensen & Opresnik 2021, 62.)

Mixing and matching different entry modes makes it possibly to have several different entry strategies. However international market entry modes could be narrowed down to five major ones. The five major ones are Sales agent which represents the exporter in the market, Distributor who imports the product and sells it from their own stock, Licensee with whom there is a non-equity contractual agreement, Joint venture with legal equity agreement and partnership with sharing profits and losses, and lastly Subsidiary meaning full 100% foreign direct equity with the most control. (Hisrich & Ramadani 2020, 172.)

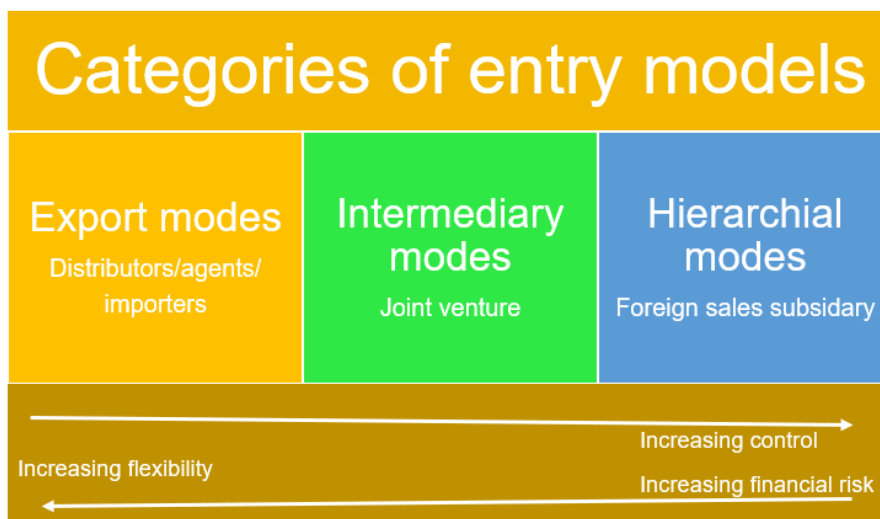


Figure 2. Categories of entry modes (Hollensen 2020)

As seen in the Figure 2 entry modes have been divided into three categories. These categories differ in control flexibility and financial risk. The three categories are Export modes, intermediary modes and hierarchical modes. Export modes include strategies which include distributors, agents or importers. These category's models are the most flexible ones and have lower financial risk but also decreased control. Intermediate modes such as joint venture is in the middle ground. (Hollensen 2020)

Market entry mode decision process is driven by different factors. Hollensen in 2020 names the factors down to four: internal factors, external factors, desired mode characteristics and transaction-specific behaviour. In the figure 3 is shown the different factors with the themes they withhold.

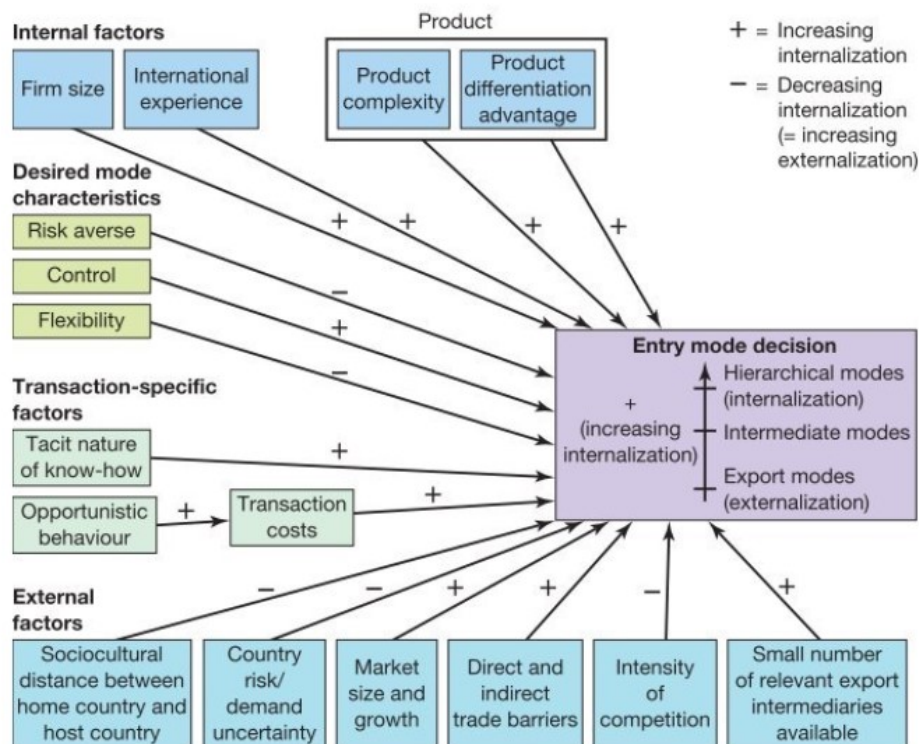


Figure 3. Factors affecting entry mode decision (Hollensen 2020, 318)

## 2.2 Exporting with partners theory

Decision to export with a partner requires throughout investigation not only to how to choose the partner but also on the local country legislation and the ways of doing business. Countries have many different approaches to business and some countries have regulations and rules which they use to protect their local market, businesses, and labour. (Seyoum 2022, 113-114)

Hence having the local partner might have the favour from the legislation. These kind of legislation favours are market exclusivity, and duration or termination of contract. These kinds of favouring legislations exist in some European countries such as France and Germany among others. As seen below in Seoyum's quote in most cases partner is required. Thus, it is important when making an agreement or contract to make sure the company is aware of the local legislation to avoid costly and unwanted situations. (Seyoum 2022, 113-114)

"It is estimated that about 50 percent of global trade is handled through overseas agents and distributors" (Seyoum 2022, 113).

Throughout the cooperation it might be beneficial for the exporting company to keep on track how is it going with the partner. How is the partners performance and outcomes. What is the situation in the market, is it stable or is there some changes that affect the success of the product in the foreign market. According to the Figure 4 from Hollensen (2020) there are two major factors when evaluating the partner's performance and they are:

- The performance of the distributor partner
- The general attractiveness of the market where the partner operates (Hollensen 2020, 345.)

Country (market) attractiveness	High	7. Get new partner	8. Grow partner	9. Consider integration
	Medium	4. Get new partner	5. Grow partner ----- Maintain	6. Maintain position
	Low	1. Consider exit	2. Maintain position	3. Consider alternative mode
		Low	Medium	High
		Partner performance		

Figure 4. International partner matrix (Hollensen 2020, 346)

As seen in the Figure 4 if the partner's performance is it really being as expected meaning it is low and not giving high revenue or has other problems and the country attractiveness is low it is better

just to exit the foreign market. Maybe the situation will change in the future but in this situation exiting is the most cost saving solution.

If the partner performance is low but the market is very attractive or even somehow attractive, shown as medium on the figure, it is better to consider changing the partner. The market has more to offer but the current partner is not bringing out the potential what the exporting company could have out of the foreign market.

In a case with a great partner performance but unfortunately low attractiveness in the market. Having a great partner might be worth of keeping but can be advised to consider another entry mode such as joint venture when the partner will get a bigger share and this way a frustration can be avoided.

The remaining boxes in the Figure 4 are mainly about how the exporting company can maintain their position in the foreign market with the partner. This can be done by simply continuing the work as it is done. Hence measures can be taken to improve such as offering training for the partner.

### **2.3 Partner screening methodology**

Evaluating and selecting a potential partner or partners consumes resources. Well conducted research can provide the right kind of partners for the company to succeed in the foreign market. Firstly, the question is where to find the partners. A way to get started is by reaching out to the customers in the foreign market and asking them to suggest for a suitable agent. Besides this valuable information can be obtained from different institutions such as trade associations, chambers of commerce and government trade departments. (Haaga-Helia n.d.)

Much of the work can be done remotely. Especially post pandemic world has made world to be even more on the internet. However, the face-to-face presence cannot be undermined. Traveling to the country where export takes places and visiting a trade fair, expo or other relevant event can give information and connections required for the success in the market. Networking is even more valued in some cultures than others and personal relationships can play a big part in the business.

If there is a similar product already in the foreign market or perhaps planning on entering why not using the same mode. Similar product that has already established the foreign market and way to operate there might be easy to follow up. With a good timing maybe even catch the good partner instead of the competitor.

Secondly there comes the evaluation of the found partners. Seyoum in 2022 lists factors that the evaluation process is often based on. He mentions the local reputation and overall background,

experience with the similar product or industry and a good knowledge of the market. He also lists down commitment in presenting this product instead of the competitors' products, genuine interest, and ability to give sufficient time and effort to matter. (Seyoum 2022, 113.)

When the company decides to go with a distributor it is good to also consider sales organization. How is the capability of the company for doing the marketing, how is their financial stability and promotion capability. Considerable is also companies after sales performance. Not to forget the financial side such as if the payments are done on time. (Seyoum 2022, 113.)



Figure 5. Partner evaluation criteria (Seyoum 2022)

The list goes on in the aspects to take under consideration in the partner screening process. In the Figure 5 can be seen evaluation criteria by Seyoum (2020). The box on the top shows the self-explanatory aspects like reputation and how long the company has been in the business. The lower columns can be opened. Knowledge of market means the experience in the particular market and contact with the media. Logistics capability includes assets such as warehouse arrangements, shipping expertise and customer support. Infrastructure refers to computer and other system, resources to launch products, pricing ability and technical ability. Motivation and attitude are rather a soft skill and hard to measure but it can be seen in professionalism, attitude and in long term plans. (Seyoum 2022.)

Hence, the Seyoum's category list is quite extensive there are few notable points that could be added there. One matter that might seem obvious but is not the language. The knowledge of the

language that will be used for communication. In many cases it might be English but also other languages might be likely such as German or French.

Evidently there are different factors to consider when choosing the partner for international cooperation. Where to start searching is the background and previous experience of the potential partner candidates. Such information can be found online on government databases or company's website. If resources are enough also attending some local events and expos within the industry can be a great place to network.

## **2.4 Partner criteria rating**

The multiple channels used for searching partner and different ways to evaluate them is covered in chapter 2.3. This chapter will focus on a method and a tool on how to rate the partners with the aim of finding the most suitable one.

The start of the partner choice is better to start with a greater amount of data. Companies might often buy as an external service research of the potential partners. In the beginning there is a lot of names, and it is called the long list. With different criteria longlist gets narrowed down to short list. On the short list ends up the companies with the most favourable assets. With the short list it is up to the company if they want to put resources in contacting each company on the list or they can choose to do rating with the information obtained from indirect sources.

Evidently the exporting company will choose the criteria used for rating regarding to their own needs. In the Figure 6 from Hollensen (2020) there is an example of one kind of partner criteria rating. On the left-hand side there are the criteria for rating. The two lines on the right-hand side reflect the partner candidates and how they compare to the ideal partner profile described on the left. The partners performance on each criterion is evaluated in the scale from very strong to very weak.

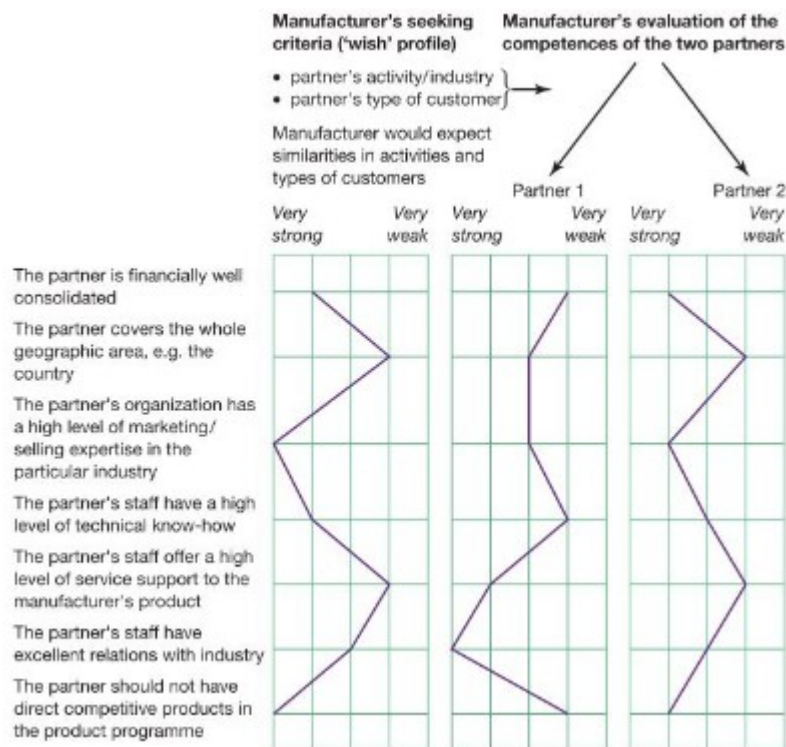


Figure 6. Tool for matching with partner candidates (Hollensen 2020, 341)

In conclusion comparing the two potential partner profiles the Partner 2 is closer to the ideal partner profile and therefore would be the more likely option to be chosen to continue with.

## 2.5 Porters five forces

Michael E. Porter is a University Professor by Harvard University. He has become known by his various books and many famous theories about economy and strategies. Probably the most known is the framework that carries his name: Porter's five (5) forces. (Harvard Business School n.d.)

The model of Porter's five forces is designed for strategic planning through five competition forces. Through these five forces is it possible to analyse the company's position in the market from the five different aspects. According to Porter strategy is a defence against these competition forces. The goal of strategic planning is to find the right spot in the market where the competing forces are weaker. These forces to calculate are Rivalry among competitors, Threat of new entrants, Power of customer, Power of supplier, and threat of substitute product. These forces are displayed in the Figure 7 below. (Viitala & Jylhä 2019.)



Figure 7. Porter's five forces (Viitala & Jylhä 2019)

The company designing a strategy should evaluate for example how easy it is to enter the market and does the industry field interesting for the possible new entrants. Some companies might be small and rather disturbing the market but should not be forgotten because they can grow in the future to be real rivals. Thus, the industry might have new technology or other revolutionary changes through innovations or from for example consumer behaviour or local regulation. These should be foreseen as much as possible and be prepared for. (Viitala & Jylhä 2019.)

### Competitive strategy

As an extension to five forces Porter has created the model of competitive strategy. In this theory the success of the company on the market depends on how the company manages to position itself in it. Figure 8 displays the theory in a visual way. This model helps companies to position themselves on the market in a right way either with cost efficiency or with differentiation. If a company doesn't find their position in the market it might stay somewhere in the middle without getting advantage from any direction.

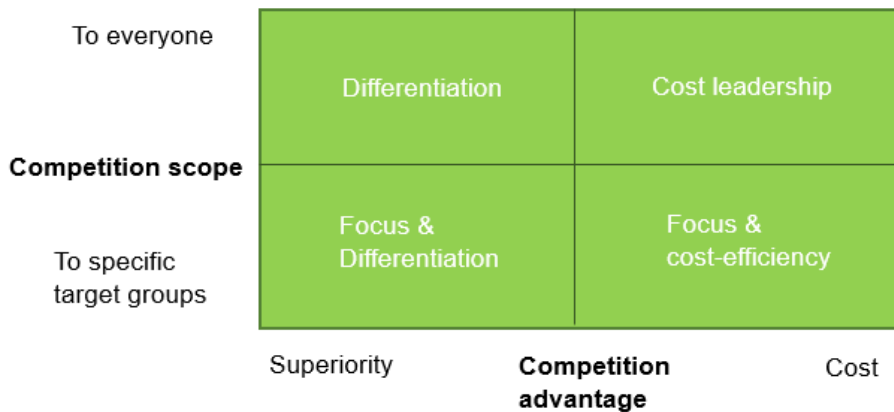


Figure 8. Competitive strategy (Viitala & Jylhä 2019)

Competing with cost-efficiency and prices relies on quantity. Big production size pushes down the manufacturing costs making it possible to be very competitive with the prices. The company can enjoy the advantage of cost-effective manufacturing that allows competitive advantage compared to competitors. To acquire cost leadership advantage, it usually requires that company has a big market share or another advantage like investment into new technology or manufacturing apparatuses. This usually works with a product that has a price as the main purchase decision driver and there is not big quality difference among the products. (Viitala & Jylhä 2019.)

Competing on the superiority side has the options of differentiation when the market scope is the big audience or focus and differentiation when the aim is to specific target groups. Differentiation in business works through another kinds of competition advantages. Such can be technology in the product, quality, design, packaging or with the brand itself. Differentiation can include also through some add on services or benefits like repair and maintenance services or what nowadays is becoming bigger with the brand community. A good example of this are Apple and Tesla. (Viitala & Jylhä 2019.)

Differentiation can also focus on a specific target group. This kind of strategy is called niche strategy. Company is not even focusing on getting a big audience but rather focusing on the well-defined audience and making the most there. These kinds of products are for example products for different hobbies or specific premium products.

## 2.6 The 4 P's

The 4 P's is one of the classical tools used in business and mainly in marketing. With another name it is called the marketing mix. The four P's appeared the first time in 1948 in a book called

The Concept of Marketing mix from Neil Borden who was a professor of marketing in Harvard Business School. (Kubicki & Milano 2014, 9)

Evidently 4 P' is used to analyse and understand the different elements that affect in the success of the marketing of the product. The tools consist of four main elements. They are product, price, promotion, and place as visualized in the Figure 9 and described in subchapters.



Figure 9. Visualization of the 4P's

Thus, the tool of 4 P's having seemingly four different departments the different elements shouldn't be evaluated separated. Hollensen and Opresnik (2021) advice the organization to view 4 elements as a collective whole where each of four P's of the mix should consistently reinforce the message being conveyed by the others.

Since the concept of 4 P's has already been around for a long time it has gather critics as well. It is blamed for being too narrow, outdated or too product oriented and there has been made new versions of it to fit better in the modern time. There has been made 8 P's by adding people, process, presence, and physical evidence and 4 C's for when the 4 themes are customer, costs, convenience, and communication. In addition, also 4 P's of service has been created. (Hisrich & Ramadani 2020, 14-15.)

## Product

The first element of the 4 P's is the product itself. One description to the product could be as follow: an item offered in the market to satisfy consumer needs and wants. Item is usually considered as a physical product, but it can be also a service, person, e-product (no physical evidence), event, idea or even a person. (Hisrich & Ramadani 2021, 80.)

Hence, the concept of product contains the different element of the product. Visual element of the products are the packaging, logo, colour, design, and brand. These are attributes that send messages to the customer of what the product feels like and looks like. There are also attributes that are intangible such as warranties, services, and in some cases functionality of the product as well. (Hisrich & Ramadani 2021, 80-81.)

### **Price**

The second element on the 4 P's is price. Seemingly easy but very intriguing. Hisrich & Ramadani (2021) define the price as follow: price is the amount of money or other items of value that one party gives to another in return for a certain product. Price is a tricky to choose and set. If the price is low for a new price consumers might see it as low quality and if it is too high, they might leave it.

There can be differentiated three fundamental aspects of pricing. First is costs. Costs are the foundation of the price. Price needs to cover the manufacturing, distribution, promoting and selling of the product. All this needs to be covered with of course some amount to stay under the bottom line. Second is competition. Competition sets the frames to the pricing. Unless if the product is significantly different than other products in the market it should stay in the frames of the market pricing the competition sets. The third is consumers. Consumers have the power of showing if the pricing was correct or not. (Hisrich & Ramadani 2021, 103-104.)

### **Promotion**

The third element is promotion. Promotion is informing customers and other relevant stakeholders about the product and its excellency. Promotion is keeping the product known, remembered, valued and pursuing to purchase decision.

Good promotion requires good management and integration on several areas. Different elements of promotion are six in total. Advertising mix means advertisement on different channels in order to meet the customers and the advertising budget. Personal selling such as face to face meetings, calls, emails, online meetings, feedback, and relationships in general. Public relations meaning relationship with media, giving of announcements, hosting press releases and events. (Hisrich & Ramadani 2021, 135-136.)

Sales promotion include things such as gifts and free samples, coupons, refunds, and games and competitions bringing people closer to the product in an entertaining way. Direct marketing has aspect such as marketing in catalogues, kiosks, blogs, on email, website and on online videos as can be seen some companies have their own channel on YouTube or on tictoc. The last element of

the promotion mix is event marketing. Hosting and organizing events or being a sponsor to events. (Hisrich & Ramadani 2021, 135-136.)

## **Place**

Finally the of the 4 P's is place. Place doesn't mean just the physical stores of the product but rather the whole distribution channels. Distribution connects the company, the product and the customer. Well executed distribution brings the product to the customer in the right quantity, at the right place and on the right time. It brings product convenient to customers providing utility. (Hisrich & Ramadani 2021, 116.)

The decision of distribution should be thought throughout. Distribution channels can be categorized in different types but there can be also different kinds of distribution channel mixes. Distribution channel can be direct or indirect and it can have zero to various intermediaries. Zero level channel is when the product goes directly from producer to the consumer. This channel is more commonly used by smaller companies but can be accessible to all companies in the form of internet or telemarketing. (Hisrich & Ramadani 2021, 116.)

Two level channel of distribution is with one intermediary before the customer has the product. Such an intermediary could commonly be retailer. Three level distribution has two intermediaries such as wholesaler and retailer. Three level distribution has three with adding for example an agent to the intermediaries. When doing international business it is more common to have more intermediaries. (Hisrich & Ramadani 2021, 116-117.)

In global distribution there are indirect, and direct distribution channels. Indirect distribution channel doesn't require that many resources but has less control over the product in the foreign market. In the indirect distribution channel, the company exports through a local independently operating intermediary who carries the responsibility of marketing and transportation of the product to the destination country. (Seyoum 2022, 99.)

Evidently direct channel as an opposite to indirect requires more resources but has better control over its product and marketing in the exporting country. In direct channel the company sells products directly to the foreign distributor or retailer. Sales can happen also through a local sales agent. With this model company has a chance to learn the market and their customers there. (Seyoum 2022, 99.)

### 3 Research Methods

Research methods are tools and methods used to observe and better understand the studied matter. Researching is systematically collecting information with a purpose. In the business world research provides quality information which then is used as a base to decision making. In the uncertainty of markets and nature of business research is required to understand, evaluate, develop, and forecast the next actions. (Naval 2018.)

The tools used for the research depends on the goal of the research. Different tools work for different case. The chosen research method should provide a valid information that is relevant and applicable to the research objective. Commonly used research methods include:

- Observation/Participant Observation
- Surveys
- Interviews
- Focus Groups
- Experiments
- Secondary data analysis
- Mixed methods (University libraries 2018).

Depending on which research method is decided to use the data collected will come out different in quality and quantity. Another data collection methods might be faster but provide less detailed and subject related information. When on the other hand some collection methods can be very costly, and time and resource consuming.

In this research there were used different kinds of sources and research methods. Using different research methods makes the study be based on 'mixed methods' meaning more than one of different methods were used. Author decided to do so for having a better understanding in to the research objective and to its complexity. Hence, having various sources and methods makes the research be more reliable and neutral by not having only one source of information.

#### 3.1 Secondary Data analysis

Secondary data analysis is using a data collected by someone else such as surveys. The data has been probably primary data to the researched, but it becomes secondary data when it is used by someone else for some other purpose. Sources for secondary data analysis are usually publications from the experts on the field or government data bases. Secondary data should be collected from a reliable source, and it should be relevant to the subject. (Hillier 2021.)

Author decided to use Secondary data analysis as a supporting part of the research methods since the research scope was so wide. Analysing the foreign market was much more resource friendly to be done with publications from the Governmental publications, European union databases and industry sources. Author analysed figures from high quality sources and applied the obtained information to the research case.

### **3.2 Decision of research method**

Research methods can be often divided into qualitative and quantitative. Quantitative research collects data in big amounts from many subjects. Most commonly quantitative research method is survey. Surveys characteristics are well defined questions to answer research questions. Survey has rather limited answer options from which the answerer needs to choose the most suitable one.

Answerers are a sample group of individuals which represent the target group whose thoughts survey tries to find out. Sample group can be very well defined and sent to only certain group or it can be very broad and sent to as many people as possible. Choosing a survey makes it possible to reach out to large sample. Such surveys might be about marketing or such trying to find out about their brand image or media coverage.

Survey is quite often shared to the responders via email, online in other by sharing the access link or the whole survey right away. Sometimes survey can be done also in person where respondents fill out the survey format their selves. In person given survey it is better to hand out the survey and give privacy for responders otherwise the risk is people performing different under observance of the survey maker.

Evidently qualitative research method focuses on quality instead of quantity. Having interviews to as big sample group as interviews are possible to conduct would make it very costly. Hence, interview is often conducted to a smaller sample group. Smaller sample group provides opinions from less people, but the benefit of interview is having wider answers.

Thus, interview provides answers with more depth. Unlike surveys having limited answer options in an interview the interviewee can answer with all the knowledge and information they have and are willing to share. Interviews are better at finding out from more complex aspects. Interview is better at answering questions about participants thoughts, opinions, feelings, attitudes, behaviour, and beliefs. (Anaise 2018.)

Interviews are usually conducted one on one, but it can be also conducted with a small group of participants. With a group must be taken under consideration the possible affect of the others. Participants might avoid opinions that differ from majority, or one person might take too much space

leaving some opinions unheard. The place of interview can be face-to-face, but it is more common nowadays to have them online.

In interview it is crucial to have right kind of questions so that they are not too suggesting or can be answered only yes or no. It also depends on the interviewer on how much they encourage conversation and this way get even more information. Good interviewer doesn't show too many emotions, doesn't lead the conversation to any direction, is rather neutral and encourages conversation. Having the situation comfortable is beneficial for the outcome of the interview.

When it comes to analysing the results from both survey and interview there are different tools for them. Survey is more mathematical and with the right tools the results can be easily analysed and displayed as in graphs for example. Interview quite contrary might be harder to collate the same way. Interview answers don't have same answer options which to compare but instead the similar answers among the interviewees can be analysed and possibly tried to find similarities.

For this research author was quite clear from the beginning which method to use. As tempting as the survey is author declined to interview. In business world having a survey spread out can be rather difficult and answer rate can be low. The answers needed in this research would have been needed from that kind of persons who are hard to reach or contact information is not clearly stated. On top of that if the survey answerer who is working for a company doesn't benefit from answering the survey why should they spend their working time to that or use their free time for a work-related matter.

These kinds of surveys are quite unused in research processes such as this. Of course, the surveys can be sent but getting answers can be tricky. Valuable information can be even business secret of the other company. Therefore, after a reflection process and consulting a contact person from the commissioning company author left out the survey option out and focused on the surveys.

In conclusion the commissioning company was also recommending the interviews. The contact person knew through contacts and business experience that it was the best way to conduct this research and author came to same conclusion with own research and used this research method.

## **Interviews**

Once the author had made the decision of conducting interviews started the research and planning phase. Author was planning how to carry out the interviews, who to interview, in which time frame, how to make good questions that are relevant and bring out conversation, and how to analyse the results.

Decision of who to interview was interesting. Author was doing research online with the aim of finding a professional who knows about Finnish market, Portuguese market, exportation among other relative issues. A professional who would have this and be reachable, have time, be willing to give an interview and preferably speak English.

On the other hand, to better understand the exportation product itself, the potential of it, plans of the company and what they are expecting, author decided to conduct an internal interview. Internal interview would give a view from within the company and make author better understand the complexity of the business model.

Therefore, with the criteria mentioned above author decided to conduct one interview from Portugal and one from Finland. From the Portuguese market author was searching for business unions or organizations that help companies to grow internationally. Such an organization is normally under government or bigger union such as European Union. With authors previous experience and online sources author come up with an organization called Business Finland.

Business Finland is Finland's official government agency for trade and investment promotion, innovation funding, travel promotion and talent attraction (Business Finland 2022). Business Finland operates from Finland and has also some offices in another countries. Business Finland covers also Portuguese market and is helping Finnish businesses with their operations in Portuguese market. Business Finland felt like a natural place of the research.

With some investigating author found out Business Finland having a nearest office to Portugal to be Madrid. Madrid office takes care of the whole Iberian Peninsula. The office has one employee who is responsible of Portugal. Author found the email of this person on Business Finland's website and sent an email. After a couple of emails and introduction agreement to do the interview was made.

The first person to interview was an advisor from Business Finland Madrid office called **Guillermo Solano**.

Mr. Solano had a great deal of valuable information about Portuguese market, what it takes of a company to internationalize and experience from many similar company cases. The interview was very interesting and provided significant information to the research. Interview was conducted online.

To complement the external interview and the research author had an internal interview. The interview was conducted in an online environment with a representative from Empress Wood Co.

The second person to interview was a business owner of Empress Wood called **Pauli Turunen**.

Mr. Turunen had a great deal of experience gathered from the field. He knew everything about the product, the potential and why to aim to Portugal. Mr. Turunen is great at networking and has gathered a plenty of useful information from other professionals with years of experience in similar business matters.

### **Questions**

The interview questions were defined so that they would be pleasant to answer, would encourage from more conversation and let the interviewee decide to which direction they take the answer. Author decided to have the same questions on both interviewees even though their different background. This in order to have different aspects on the same matters and give a freedom of speech to the interviewees. The interview questions were eight (8) as listed below:

1. Do you know a Finnish company similar to Empress Wood already operating in Portugal?
2. How known is Finland and Finnish products in Portuguese market?
3. Do you see Empress Wood having potential in Portuguese market?
4. What would be the next step Empress Wood should do?
5. What kind of partners would be beneficial for the Empress Wood in Portugal?
6. What kind of criteria ranking would you recommend when ranking Portuguese partners?
7. What are the growing trends in Portugal in interior design/construction?
8. Is there something you would like to add?

Interviewees were being sent the interview questions beforehand via email. This to ensure that the interview can run smoothly with questions not needing to repeat and interviewees being already prepared to the question and possibly thought about the answer already. This to achieve the best possible outcome and pleasant experience to all parties.

### **Outcomes**

Interviews were conducted in the planned phase and order. First the external person was interviewed and then followed up the internal interview. The interviews were supporting each other and came up with very similar points in some parts but provided slightly different information at least when it comes to the perspective.

One aspect that brought differences in the interview results were the background and the experiences and the sources of information. Mr. Solano has long experience in the international market and is much aware of the target market the subject being is work. He helps Finnish companies in Portuguese market and was able to provide very practical information with the experience from working with Business Finland.

Conducting internal interview was receiving information from within the company and getting to know what information they have so far, what do they want to know, where they are and how much it aligned with the research. Internal interview confirmed many points already taken under consideration and confirmed the need and relativeness of the research. Mr. Turunen based his knowledge on experience on the business field and being part of international projects. The amount of information from connections was impressive and showed the importance of networking.

Going into the interview questions the first question was: Do you know a Finnish company similar to Empress Wood already operating in Portugal? This was to map down possible threads in the market or products that are generally similar to Empress Wood. Appeared by the better knowledge of the interviewees there is one similar Finnish company operating called Lunawood. Lunawood has entered the market by having a local distribution partner.

Next up was he question about how the market seems to view Finland and Finnish products. The image is important and adds value to the brand. Mr. Solano was aware Finland being known as a popular winter and nature destination. Being known for nature, good education, and stable and well managed country brings rather positive mindset when operating with Finnish products. Important and positive aspect was also that Finnish products are known to be good products in Portugal.

When asking about potential of Portuguese market for Empress Wood Mr. Turunen had information from his sources from within the Wood industry that the wood building is very interesting there and has a lot of potential. Mr. Solano was describing possibilities in terms of the new trends such as sustainability. Sustainability is a growing trend in Iberian Peninsula and will most likely be in Portugal as well. Wood is seen as a natural material and sustainable option to future building. One interesting example Mr Solano brought was about semantic use in construction.

“It is really important because wood construction helps decarbonized the construction sector, which is at the end of the day, one of the most traditional and semantics, one of the most polluting subsectors in the construction sector. So this solution would help a lot in order to decarbonize the Portuguese economy.” (Solano 2023)

Considering the next step for Empress Wood to do both interviewees had similar themes to bring up. Mr. Solano was recommending the start to be by conducting market research, study of the trends, added with a long list of potential partners. Both agreed on to start by searching and reach-

ing to potential partners. Both Mr. Solano and Mr. Turunen were seeing the reach to be not only until partner but to the whole 'value chain' as Mr. Turunen put it out. That value chain includes the distributors, customers, architects, architect studios, and other possible partner options. Mr. Solano brought up an idea of possibly modifying the product to tackle the needs of the Portuguese market.

When wondering about the partners in the market and specifically what kind of partner would benefit Empress Wood Mr. Turunen had a clear vision:

“One opportunity is to have this kind of partners who are building this premium houses. They could be straight our customers. So, then it would be very simple which is we deliver and they pay for the products but also in real life. It might need a local wholesaler who is importing special or premium wood products for who could, be the distributor there and have their own networks also these. Industrial opinion leaders, brave architects are needed as well.” (Turunen 2023)

Mr. Solano was recommending starting by hiring an external consulting firm who would do market research and identification of potential partners. Next step would be to create a certain number of sales in a certain period of time. He would suggest to locally hire a sales agent who is: “permanently and coherently and systematically approaching the market.” (Solano 2023).

When discussion about what kind of partners in Portugal would be beneficial there came up aspects like partner that shares the same values and aligns with the image. Possibly company that highlights sustainability and nature. Secondly partners that are in the specific market of building premium houses and are well established in the market with wide expertise and networks.

For partner criteria ranking Mr. Turunen had a clear vision of potential partner being big enough, operating on this specific luxury building industry, having enough resources, reputation in the industry, and being genuinely interested about the company. Mentioned was also how company shouldn't be too big with the risk not efficient communication and too high hierarchy. Mr. Turunen summarized the criteria to main two: size and status in the market.

The interviews were conducted separately but supported each other in content and had similar themes carrying them. Main outcomes were finding a good partner in the market who aligns with Empress Woods values, has a good reputation in the market and is big enough. The themes to enhance with market entry should follow the current trends of sustainability and green transition.

### **3.3 Research of current trends and other market factors**

To have a better understanding on the current situation in the market and different drivers and phenomenon that drive the field author decided to conduct research more in dept to those matters.

The research was mainly done by searching information online. Written sources of such a dynamic cause as trends is hard to find because it gets outdated soon.

The world market in interior design industry is growing rapidly it can be explained with global urbanization and growth in the developing countries. In Portugal the market is also growing steadily. The Portuguese market has a real estate boom with increasing activity since 2014. New buildings are being built, old ones which they have a lot are being renovated. Due to the big tourism scene in Portugal also hotels and other accommodation are being built or renovated generating more demand for solutions in the interior design market. Rather new phenomena in the market are apartments being converted into short time accommodation solutions for tourists through an online platform such as Airbnb. (Businesscouncil n.d.)

In Portugal the construction sector has been resilient and seems to be getting back to the same level as it was prior to the pandemic says ICNF in their Portugal Market report of 2021. Housing transactions continued to be very high in both number and value, and even grew in average terms in the new housing segment (ICNF 2021).

Portugal is dedicated to a transition to green and more digital society. All innovations and solutions that support this are very welcome in the market. Portugal has support money from the EU but also has made their own program called Portugal 2030. In Portugal the forestry sector is aware of Finnish expertise in the area and there are markets for new technologies there especially when it comes to green energy sourcing with wood pellets for example. Portugal also offers an excellent opportunity to be a springboard for companies to export to the rest of the Portuguese speaking world such as Brazil. (Team Finland 2023.)

### **Wood industry in Portugal**

In the research of the market for wood the category falls into Hardware & Building materials. Statista (2023) highlights that the revenue segment in the hardware and Building materials amounts to \$2.23bn in 2023. It also estimates the annual growth to be around 2.95%.

Portugal doesn't produce much of their own wood material except the corks for bottles in which they are global market drivers. Portugal imports most of the wood in the market. Portugal Imports of Wood and articles of wood, wood charcoal was US\$1.39 Billion during 2022, according to the United Nations COMTRADE database on international trade (Trading economics 2023). On the graph 10. Can be seen evolution of the wood import in Portugal. Outstanding from the graph is the rapid growth starting on 2021.

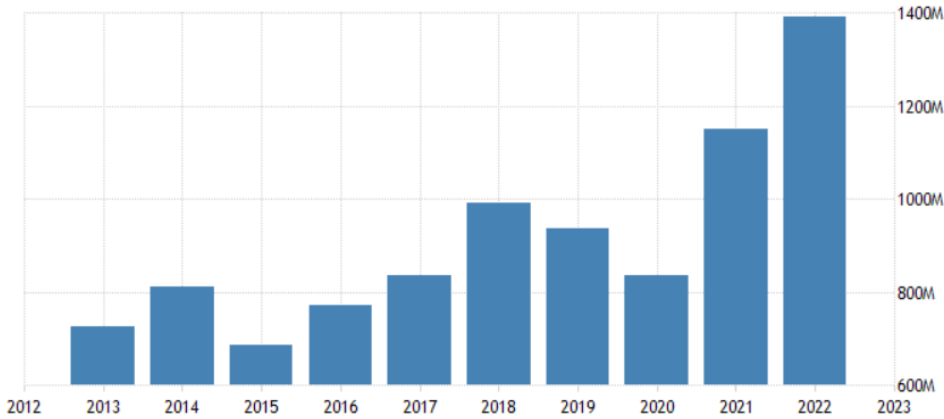


Figure 10. Portugal Imports of Wood (Trading economics 2023)

The biggest import partner is their neighbour country Spain dominating the market with 56.23 % from the total market share trade valuing up to US\$ 1.450.429,12 in 2020. The top 5 import partners with their relative share amount of the market are shown in the Figure 11 below. (World Bank 2023.)

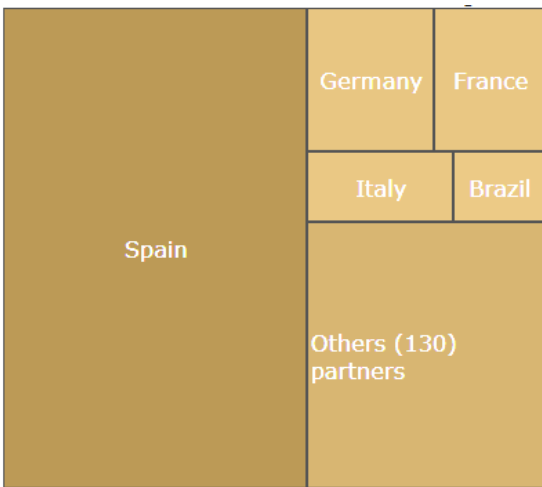


Figure 11. Portugal Wood import partners (World Bank 2023)

Finland ranks up to be the 11<sup>th</sup> importing partner for wood for Portugal in 2020. The share of Finland in the import partners product share is 19.70% with the import value being 39.815,66 US\$. (World Bank 2023.)

Using wood as a building material for a house has not been a common solution in Portugal. Most houses being built with tiles and concrete. Wood has been mainly used for roof and floor structures. In the past few decades, the interest on wood building has arouse and seems to be more appealing to customers. (Ferreira, J.G., Guedes, M.C. & Morgado, L. 2022.)

One big factor in the near future that might bring a boost to use of wood. European Union has defined a plan called the Recovery and Resilience Plan. It comes up with nationally applicable programme. The plan is projected to countries in EU that had a bigger hit in their economy due the recent crisis pandemic and war in Europe. Portugal will get a total of 11.125 M€ when the plan comes in action in 2026. The plan is based on three structuring dimensions that are resilience, climate change and digital transition. (Government of Portugal 2023.)

### **Trends of interior design industry**

The global market for interior design industry seems to be in a trend of growing. New demands like need for commercial space is on rise and is estimated to grow even more in the future. One big maker in this sector is the new nature of the office building and furniture in a shift to respond to the global work culture. Another maker are investments. Real estate investments, governments investments due urbanizations and private investments. These will increase a demand in interior design industry already visible in some cities when architect firms focus on that field. (Correa, D. 2022.)

New trends will arise but in global scale the interior design industry seems to have trend from multiple styles such as European and Mediterranean but also Indian style and decorative details. New trends are taken from social media that plays a bigger part in the industry. Pandemic slowed down the investments and cash flow to the field, but it is already recovering and rising. Next phase will be what comes up with possibilities with arise interest in smart houses. (Correa, D. 2022.)

Portugal News (2023) lists down six major trends that designers are forecasting to influence homes and décor in 2023. The trends are:

- Nostalgia
- Warm colours
- Temperature-regulating design
- Interesting wall coverings
- Biodynamic lighting
- Playful design

Nostalgia looks inspiration from country houses, cottage style, nature, familiarity and remembers the joy of childhood bringing these to the modern living spaces. In practice it means warm wood among rich colours and vintage details. Warm colours is predicted to move from cold colours to warm colours this will complement the nostalgic style with seek of comfort and reassurance. (Portugal News 2023.)

Evidently the unpredictability of climate and temperatures will be bringing challenges to building in a rather warm country such as Portugal which will be facing very hot summers and rather colder winters as well. That brings to thinking how to regulate temperature in the building. Considering building materials and techniques better. Building to have passive solar control, effective insulation, and thermal efficiency. (Portugal News 2023.)

Interesting wall coverings are growing with customers being bolder with design ideas bringing more character to spaces. Wall coverings like murals, bold papers, interesting textures, and wall panels are to be a wanted piece of interior design. Same interest for more bold options show in search of more unique options and use of colours. Besides these brave choices the search of inspiration from nature is trending as well. Evidently biodynamic lighting is artificial lighting designed to replicate the natural sunlight as much as possible. (Portugal News 2023.)

### **3.4 Market research of potential country agents, distributors, and influencers**

According to the research of the market and the nature of the commissioning company it was most beneficial to start the internationalization process by taking a better look into prosper partners and influencers. The plan was agreed by the contact person of the company. The research was conducted using external and internal sources provided by the company.

A great way to look for partners is visiting a fair of the business field they operate in and go to do networking. This way is not always possible and then internet comes handy. Author was mainly searching for prosper partner candidates online through different governmental, European union, or industry web sites.

When deciding to export with partners no matter which mode was chosen or what kind of partnership a term called Partner mindshare is good to remember. Partner mindshare means the level of mindshare that the manufacturer's product occupies in the mind of the export partner (Hollensen 2020, 333).

Hollensen describes Partner Mindshare in 2020 as follow: it is a measurement of the strength of a relationship in terms of trust, commitment, and cooperation. There is a strong and proven correlation between mindshare levels and how willing an export intermediary is to place one company brand in front of another, or how likely the intermediary is to defect. Mindshare also expresses itself very clearly in sales performance. Intermediaries who have high mindshare will typically sell more than those with low mindshare. (Hollensen 2020, 333).

#### **Potential agents**

One export partner option is choosing an agent. Sometimes also called as the sales agent, representative or sales representative. Agent is representing the company in the foreign market. The agent can be domestic based who is hired by the company and then travels to the exporting market when needed. More commonly agent is hired from the local market. Then agent is there all the time to assist the customers and present the company. This works better in cases when the product is more complex and requires more assistance.

Exporting with an agent is rather easy way when starting exportation without wanting to put a lot of resources yet. With agent the company is responsible for the costs of exportation and distribution of the product. Agent focuses on selling and presenting the company in the market and gets commission based on the sales. Hence, agent doesn't buy the product from the company leaving the bearing of the risk to the company. Agents might also represent other products and companies in the market. (Hisrich & Ramadani 2020,172.)

Author started looking for prosper agents online. Searching an agent turned out to be not easy. Many companies and web pages are rather promoting on how they are searching for agents more than having agents promote themselves. It gives an expression that finding a good agent can be easier said than done.

However, author found a page called "Europages" which is a search webpage for companies for sourcing. On the website it was able to add filters. Author added three filters that were provided by the page and were the most suitable for the case. Chosen filters were "Portugal", "Agent/Representative", and "Import-Export - agent".

With the filters came up 17 options to go through. Most agents operated in food, textile, or clothing industry. This doesn't surprise considering the quantity of the fields in Portugal. Searching through suggested agents author found two most potential ones. Both companies have well made websites and operate in the construction field.

The first potential agent is a company called Globus Solutions - Antonio F. T. Campos in the rest of the text company will be referred as company GSA. The company was established in 2017. Company GSA operates on all continents in the world and covers the most countries. On the search page of Europages, where the company was found for this research, there are key words as building materials, international trading, and business development associated with this company. (Europages n.d..)

On their own website company GSA describes themselves as follow:

“Globus Solutions is a young and dynamic company. It integrates professionals with more than 30 years of experience in the industry, international trade, procurement, logistics and consulting.” (Globus Solutions n.d.)

The second potential agent is a company called CMFONSECA, Purchasing Agents, LDA in the rest of the text company will be referred as company CMFONSECA. Company has a long heritage since it was established in 1998. Company CMFONSECA operations cover most countries and continents excluding Africa. The company has a long expertise on the field but focus on Portuguese products.

### **Potential distributors**

One direct export partner option is choosing a distributor. Distributor is an independent merchant who buys the product and uses the already existing channels, logistics, sales technics, and customer base they already have obtained in the market. Distributor buys the product to their own warehouse and have a freedom with the product such us they can choose the price of the product. Distributer is there for a customer of the exporting company. (Hisrich & Ramadani 2020,172.)

Exporting with a distributor is less risky since distributer is haring the risk and takes responsibility of the transportations. On the other hand, company loses touch with the customers and advantage of competitive pricing power and branding. (Hisrich & Ramadani 2020,172.)

Author started investigating possible distributor partners through online platforms. Author was prioritizing distributors who already know the field of business, operate with constructions, is medium size or big, import wood and preferably premium wood, and having website also in English as a bonus. With these criteria started a search for distributors in Portugal. Searching a distributor turned out to be easier than agents. Distributors are competitive companies, and they want to be seen, found, and partnered with. They are looking for the best products for their customers needs.

Online searched provided information needed, and author was able to scale options down to four (4) potential distribution partners. Potential partners are presented in an alphabetic order below.

The first potential distribution partner for Empress Wood Co. would be **Banema**.

Company Banema wood & surfaces operates in wholesale in building materials. They were founded in 1986 and today employ 58 people. On their fully Portuguese website they state to be the national leader in their market of with a wide spectrum of products and services. They include wood everywhere and are guiding the way of transforming some construction sectors such as mobility industry. Company Banema points out on their website their multiple decorative solutions they apply into the specific projects of architects and interior designers. On their list of brands, they have listed a Finnish Wood company called Lunawood. (Banema n.d.)

Second potential partner would be **Jular Madeiras**.

Jular Madeiras has website in both Portuguese and English. On their LinkedIn page they state to have 45 years of experience in Portuguese market. Company has been founded in 1973 and has 54 employees. They profile themselves as Wholesale Building Materials and express them to have “Passion for Wood”. Jular Madeiras describe their company to have products to answer to all dynamic situations that exist on the construction field. They operate with architects, interior design ateliers, and with construction material resellers and state to have suitable products for every project. (Jular Madeiras n.d.)

Third potential partner would be **Portilame**.

Portilame is younger company being established in 2004. Company Portilame employees 28 people. On LinkedIn Portilame categorises construction as their business field. On the company website they state of having a qualified team with the capacity to develop solutions that meet the needs of each client. Portilame among other services design, produce and build wooden structures, rehabilitate buildings and structures, design and build wooden houses, and sell wood for resale or even to the final customer. Portilame has the following on their website in English: “At Portilame, since 2004, we let ourselves be seduced by the natural beauty of wood, enhancing its use as the main building material.” (Portilame 2021; Portilame n.d.)

Fourth potential partner would be **Somapil**.

Somapil is a Portuguese company operating in wood and construction industry. It was founded in 1988 and has less than 25 employees. Somapil has the website only in Portuguese. On their website they tell them to be a group of professionals with a large experience in the in the sector of wood and say they are known as a company of favour in the industry. Somapil operates in the continent of Portugal but also in the Portuguese islands Madeira and Azores and South of Europe. On their website they also highlight their customer satisfaction, the best selection of product that are innovative and the newest. They also mention interior design as one of their distribution areas. (Somapil 2012.)

### **Potential influencers**

The importance of the influencers in this complex business model is essential. The value chain includes many different players with different aspects and influence on the decision of the material. Influencer is someone in a position that doesn't necessarily be the one responsible of making decisions but has a way to influence on the decision makers and outcome.

In the case with Empress Wood author focused on the influencer valuable for the company. Hence, author focused on one type of influencers in this value chain, and it was architects. Architects design the project and choose the materials. They consult the manufacturers, if necessary, about the material suitability for the certain project. Some architects are more influential than others. The more architect has power in the company the more they have influence power.

To study the influencers author was provided with internal information from Empress Wood. Company had conducted a study earlier of potential architect companies and author used this as a base and scaled it down to few. To compare the architect companies author made a certain criterion. Criteria were to whether the company had a professional looking website that is like a portfolio itself, secondly if the portfolio of projects included use of wood in the buildings but also on the outdoor design such as terraces and also interior. Third criteria was if the projects the architect companies made were in a category of luxury building and looked like premium wood materials were applied.

With these criteria architect companies got narrowed down to four (4) potential influencer options. They are presented below in an alphabetic order.

First potential influencer is an architect company called **meta.atelier**.

Architect office meta.atelier is based in Lisbon, Portugal. Meta.atelier was founded in 2018 and employs 2 people. The meta.atelier's states on their website that their main mission is to help reduce the negative impacts of the built environment through more conscious and efficient rehabilitation or new construction projects. They have made four (4) company themes that are interior design, sustainability, architecture, and investments. (meta.atelier n.d.)

Second potential influencer is an architect company called **Mima housing**.

Mima housing is an architecture company from Portugal. On their website they have slogans such as: "Sustainability, Ecology and Energetic Efficiency". Mima housing has also defined four (4) driving values in their company that are quality, flexibility meaning allowing people to completely customize their homes, control of costs, and sustainability through design and construction. (Mima housing n.d.)

Third potential influencer is an architect company called **Modular system**.

Modular system is an architect company based in Porto, Portugal. Company was founded in 2006 and has six (6) employees. On their website they state their company core three to: we conceive,

coordinate and construct. The company's main idea is building modular houses with a main material being wood. (Modular system n.d.)

Fourth potential influencer is an architect company called **Wood design**.

Wood design was founded in 2019. Today it operates not only in Portugal but also outside of Portugal. Wood design states to be on the market to respond to the market needs when it comes to wooden construction. The company operates in three main areas that are Architecture, Engineering, and Interior Design. They mainly use wood as a raw material in their projects and thrive to achieve ecological and sustainable constructions made. (Wood design n.d.)

## 4 Data and results

Data is the information derived from the research conducted. In a research data is collected systematically, interpreted systematically, and with a clear purpose which is to find out the answer to the subject. Data can be divided into two categories. These categories are primary and secondary data. Primary data has been collected by the researched through surveys and interviews. Secondary data is data that has been collected by someone such as professionals or institutions. Primary data is specifically relevant to the research topic and is up to date. Secondary data can be outdated easier and may not be specific with the research. (Saunders 2015.)

In this research was used both primary and secondary data. Using both data sources gave author a wider access to the information needed. The primary data author used was through the two interviews conducted in April 2023. The secondary data come from many different sources better presented in the Figure 12.

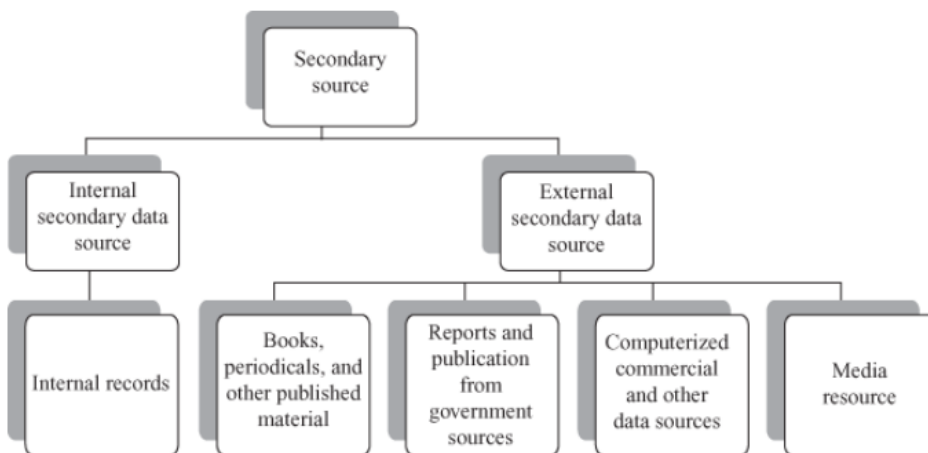


Figure 12. Secondary data sources (Naval 2018)

The sources for secondary data are internal and external. Internal data in the research were materials given by the commissioning company these were for example the long list of potential influencers in the Portuguese market. External sources included material from all the boxes in the Figure 12. Author used 6 books to grasp a better understanding into the theoretical part.

Government sources were data from Portuguese government used for researching the market. Computerized commercial means companies selling data. Thus, author did not purchase data she was using the data from the company to that extend that it was given out for free such Statista. Lastly media resources were used especially when taking a deeper look into the current trends in the market.

When collecting data, it is important to keep in mind two aspects in it. The first is if the data is valid. Validity of the data is essential. Even if data seems good but is not relevant to the research it doesn't bring it closer to the answer. In the research author used no sources older than ten (10) years and was choosing the data that fits into the research the best.

Second aspect is if the data is reliable. Reliability of the data can be hard to proof afterwards and therefor it needs to be kept in mind already when searching the data. Reliable data comes from a source that proofs it reliability through e.g., status or title. To have reliable data in the research author focused on searching from high quality sources such us university publications of releases from professionals of the field. The interviewees were also thought through carefully to have right people who have relevant and reliable information which was proven through titles and working experience.

### **Results of the interviews**

The primary data obtained in this research is from the two (2) interviews. One internal from the commissioning company and one external from Business Finland in Portugal. The extended outcome of the interviews can be found in the chapter 3.2 Decision of research method. The results from the interview can be summarized in the three main findings.

Firstly, Portuguese market seems a potential place having growing trend in wood building coming up with EU funds and customer preference shifting to more sustainable material decisions were wood answers greatly. One concrete example of the market suitability is one similar company already operating in the market.

Secondly, a well conducted market research extended with potential partner search is in place. Important in the research is not to forget the whole value chain which means there is no solo operators in this complex business form. The research should reach to architects who are influencers, agents, distributors, and possible other influencers in the market. The operators shouldn't be observed separately but rather as a whole where different pieces affect one and other.

Lastly, the main points in the criteria for the partner evaluations should be the shared values, have a wide network in the field, is big in revenue but not too big when it comes to company hierarchy, and the reputation in the market. These should apply to the potential partner. Partner can be not only distributor or sales agent but also a company that build premium houses in the market.

## **Results of the market and trends**

One of the specific types of research was conducted of the market factors and trends to better understand what is going on in the market at the moment. The full outcome of the research can be found in the chapter 3.3 Research of current trends and other market factors. The results can be summarized into three main points.

Firstly, Portuguese market has a real estate boom going on and the building market is growing. New buildings are built and renovated. Due tourism comes a big scene of hotels and accommodations and as a new trend renovation of apartment and houses into short term accommodation solutions. The market is also aware of Finnish wood expertise and is looking for new innovations in sustainability given the green transition EU money Portugal will receive in 2023.

Secondly, Portugal imports most of the wood it uses. Finland was 11th import partner of wood in 2022. The biggest importer in 2022 was Spain with almost 50% share of all the imported wood in Portugal. The usage of wood hasn't been a traditional way of building houses in Portugal, but the interest has risen in the market towards wood building.

Lastly, the interior design trends globally seem to be sustainability and environmental friendliness. There is also a new rising market in commercial spaces and new nature of office buildings. In Portugal the interior design trends in 2023 are Nostalgia Warm colours, Temperature-regulating design, interesting wall coverings, Biodynamic lighting, and Playful design.

## **Results from the partner screening**

The research of the potential partners provided in some parts more and in some parts less information. More in depth information about the topic can be found under the heading 3.4 Market research of potential country agents, distributors, and influencers. The results of the potential partner research can be summarized into three main parts.

Firstly, when looking for a partner good sources are for example internet or visiting a local trade fair and networking. When exporting with a partner it is good to keep in mind the term partner mind-share. Research for potential partners was rather difficult and author found two prosper once called Globus Solutions – Antonio F. T. campos and CMFONSECA from which the first one seemed to fit the criteria better.

Secondly came the research of potential distribution partners. Author used following criteria when searching for the distributors: the field of business, operate with constructions, is medium size or big, import wood and preferably premium wood, and have website also in English is a bonus.

Search online provided four (4) potential candidates. The potential distribution partners are Bane-  
ma, Jular Madeiras, Portilame and Somapil. Half of the potential distributors had website also in  
English.

Lastly, important part in the value chain is influencers who are architects. Author used a following  
criteria to find potential architect offices: professional looking website that is like a portfolio itself,  
the portfolio of projects included use of wood in the buildings but also on the outdoor design such  
as terraces and also interior. Author narrowed down an internal long list from the commissioning  
company into four potential candidates. The interesting architect companies were meta.atelier,  
Mima housing, Modular system and Wood design.

## 5 Conclusions and recommendations

This part will draw the final conclusions based on the data retrieved from the research. Through this can be defined some well-crafted recommendations to the commissioning company. All this is based on the research. The final part of the research is evaluation which includes reflecting to the process work and how it was managed.

### 5.1 Conclusion

The market of Portugal is growing steadily and especially on the construction field. On top of that it will be receiving money benefits from the EU that will boost up the economy. Most of the wood being imported to Portugal it is a tempting market. Wood is trending with its sustainability qualities and opportunities with it are limitless. On top of the Portuguese market Portugal can work as a springboard to the rest of the Portuguese speaking world. The Portuguese language skills would help a lot with these aims.

The interior design industry is growing globally as well as in Portugal. Country is more divided into social classes with high class leveraging a demand for this kind of luxury product that Empress Wood offers. Steady tourism in Portugal brings need for building and renovating hotels and different kinds of accommodations. In many cases price is the driving value of the decision.

Evidently entering the interior design market happens through connections. Connections such as partners in the target market like distributors or sales agents who know the market and has connections. Connections can be also premium house builders. One interesting part is the influencers importance in the value chain. Architects design and may even have a word to say in the material decision and there for connecting with them is essential.

Choosing a partner to export with is a process that requires resources. The partner company should be a company that shares the mindshare with Empress Wood. Evidently meaning the partner in the target market is genuinely interested in the product and sees potential in it and wants to take it further.

Thus, defining criteria for partner ranking helps finding the most potential partners. For Empress Wood in Portuguese market the most important criteria are the size of the partner, the reputation in the market, the shared values and genuine interest.

In conclusion exporting with partner gives better possibility to success in the market with partners local expertise and resources when values and targets are aligned with partner company. Local partner should be either sales agent who generates leads or distributor who is the end customer in

the market. Current interior design trends follow sustainability, new innovations and demand for imported wood is rising. The most important partner criteria rating for Empress Wood are shared values, big size not too big and good reputation in the market.

## **5.2 Recommendation**

As the final result to the extensive research author was able to draw some well-crafted final recommendations to the Empress Wood. These recommendations are based on the information gathered in the research and are made to give the company a better knowledge and understanding of their planned expansion to Portugal.

Portuguese market is following global trends and phenomena. Empress Wood should keep an eye on the market, the trends and how it evolves. Thus, to see if there are some new waves coming up in order to keep up to date and have relevant strategy when entering the market.

Most exports in the world happen with a partner and exporting with a partner is a recommendation for Empress Wood as well. This because possible language barriers, better use of resources, and face to face connection is simply almost always better. Next research Empress Wood makes could be getting into more details about the partner candidates. The distributors are found well online, but agents are harder. One good way to search for sales agents could be by creating a job post on LinkedIn with the agent profile and evaluate the applicants.

Business Finland in Madrid has a department that is responsible of the Portugues market. Their job is to help Finnish companies to succeed in the foreign markets. Scheduling a meeting with them could give a good insight and guidance throughout the expansion process. Business Finland also organizes different cooperation meetings and events between Finnish companies and local market operators and attending to one of them could benefit Empress Wood greatly.

Hence, making a business trip to Portugal to find more information and see what companies look like behind the website could help Empress Wood for getting practical information. Arranging few meetings online before hand and requesting visits. Evidently, visiting a local trade fair, event or exhibition to network and to grab the knowledge of what is happening next in the industry.

Sustainability is a core value Empress Wood should keep in mind and organize their strategy around it. Sustainability and nature aspects can be their differentiation tools in the market. Highlighting these can give an advantage compared to the competitors in the market.

### 5.3 Reflection on the thesis process

The thesis process started already in the midterm of the studies. Author was thinking the topic and the process of writing. With some work and dedication author gladly found a commissioning company. Company seemed interesting since the beginning. Finnish company with a good reputation, values easy to share and aim to international market.

The decision if the thesis work was agreed with the company in August with shaken hands. Empress Wood wanted to have a market research and young professional needed a subject to study. Portuguese market came as on a silver tray since author was already interested in the region and spoke language well. Which later on in the research turned out to be a great advantage when searching for information.

Defining the exact object of the thesis report was not that easy. The themes were defined as Portugal, exportation, and with the company's product. However, the main themes were clear the way to put it and start the research and from which aspect exactly took time to get defined and few meetings.

Company was evolving, developing, and growing while the thesis work was going on. This made it difficult because the information was not in one place easily to access. Instead, information was gathered through meetings. Meetings were with the branding team to see how the brand will evolve and to which direction. There were meetings with the city business council that helps local companies. These meetings were helping defining objectives and goals of the company. On the actual business meetings was pleasant to see the same frameworks to be used as what were thought on the classes during the studies.

Company representative was helpful always, when possible, even when busy, which helped a lot. Considering the distance of hundreds of kilometres in between cooperating worked smoothly. Representative was really busy with many other projects and didn't offer coaching but was always available when needed. One of the most important meetings were at the end of the thesis planning course when the actual object and direction of the thesis topic was defined.

The first thesis draft done on the thesis planning course was demolished. The subject changed and the plan of the research started to get slowly structure in the author's head. Author was pointed a thesis advisor who was guiding through the process. First meeting was arranged in January 2023. Meeting was very fruitful and created a good base for the upcoming work.

The topic was defined but the creating investigative questions was hard. Creating them so that they are not too many, too wide, too difficult, have theory to support them and are valid for the top-

ic. With the help from the thesis advisor the investigative questions first draft was made, and research could start.

Author marched to the library and lent six books. These books created a great base on the theoretical framework with course materials from Haaga-Helia. Author used both e-books and paper books. An actual book was more pleasant to work with. Searching on the book was easy with the content list and index list. On the other hand, with e-books certain words could be searched easily with a search option and it would find the word on the book every time it was mentioned.

Paper books gave rest to the eyes from the screen. Another advantage of the book was pinpointing certain pages with post-it papers. On the days when there was not so much motivation to write the actual text author would search the subjects from the books that could be used then when writing it. Mind mapping, structuring, and planning text before hand made writing work more pleasant.

Besides books author was going through course materials from Haaga-Helia UAS. From courses such as internationalization of a firm, international business, and international market research. The skills learned on the courses on the lectures and with group works had been a practice to the final thesis.

The flow of writing the thesis started with the framework. Framework was somehow easy to start with and with Hollensen's books it was tackled down nicely. Was interesting to see how there had been made actual studies and frameworks for such things as how to choose a partner or how to study the market. Hence, the framework was on of the favourite parts of the writing work.

The decision of the research method was rather easy. Conducting a survey would have been interesting. Evidently with the nature of the research topic it would have been hard to get the needed answers. The commissioning company and thesis adviser aligned with the author on this.

For the planning of the interview author used knowledge and materials from courses called international market research and market research methods. Both courses she had completed the year earlier. Author read through the instructions for interview and question examples and used them as a base when defining the interview questions. To make sure the questions were good author send them out to three people and improved them with feedback.

Finding people to interview seemed first a bit stressful but at the end wasn't that difficult. Search online lead to Business Finland and to the source of the valid information. Few emails and interview were scheduled. Author wrote down an introduction of the company and the questions and sent it to the interviewee. Author was pleased to have realised to do so and believes it helped to get better answers with interviewees having possibility to prepare with right kind of information.

The second interview followed the first one with the design. Both interviews were decided to do on teams and author used the recording and transcript feature to save them. With the first interview she didn't get the technology working and the interviewee had to send the video and transcript, but author fixed the technical problems for the next time. Author would have liked to interview more people and messaged the embassy of Finland in Portugal to get in contact with right kind of professionals. Unfortunately, those didn't work out with scheduling difficulties.

The interviews went well that made the author happy. Was very interesting and rewarding to get answers that supported the research so far. Answers also clarified the thesis in authors head and gave an uplift to it.

Th last part chapter and the first chapter were the last texts in the thesis that author wrote. By the end writing started to feel heavier. Long marathon of writing and researching started to feel. Therefor authors own personal preference is the framework part.

In conclusion author learned a lot from the thesis process. Was challenging to manage the whole big research alone instead with a team but it also gave freedom. The topic was interesting which kept the interest through time and the clear structure made it pleasant to work with the process. The commissioning company was looking forward to the research to get done and ensured they will use it with their aims to not only Portuguese market but also to another international markets.

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## Appendices

### Appendix 1. Interview of Guillermo Solano adviser from Business Finland

Transcript of Interview of Guillermo Solano on Microsoft Teams 11.04.2023

**Kaisla Parviainen:** Thank you very much for accepting my interview request so I am now interviewing Guillermo Solano from business Finland in Madrid operating and being responsible for Portugal.

**Guillermo Solano:** My name is Guillermo Solano. I work for business Finland here in Madrid office covering Spain, Portugal, Andorra. Focusing in green transition.

**Kaisla Parviainen:** First question, do you know a Finnish company similar to Empress Wood that is already operating in Portugal?

**Guillermo Solano:** I guess that there are many Finnish companies specializing this product, but regarding this product in Portugal I know of a company of a Finnish company called Luna Wood. They operate from Spain, but they cover also Portugal. On their website they refer to cases on the Portuguese market. It probably is not the same solution, but it's kind of the same. It's wood products in construction in Portugal.

**Kaisla Parviainen:** Thank you. And the next one, how known is Finland and Finnish products in Portuguese market?

**Guillermo Solano:** Finland is a well renowned country in Portugal, especially for as a tourist destination for obvious reasons, especially for Lapland, Rovaniemi, Santa Claus, winter holidays, etcetera. But as a whole, Finland is regarded Also, because of education design, Finland is well run country in Portugal, which helps a lot.

**Kaisla Parviainen:** Do you see Empress Wood having potential in the Portuguese market?

**Guillermo Solano:** There is a trend when it comes, for example, to sustainability. And also to like some targets from the European Union when it comes to decarbonization of the building industry. It is really important because wood construction helps decarbonized the construction sector, which is at the end of the day, one of the most traditional and semantics, one of the most polluting subsectors in the construction sector. So this solution would help a lot in order to decarbonize the Portuguese economy.

**Kaisla Parviainen:** What would be the next step that Empress Wood should do?

**Guillermo Solano:** I would say that, having a market research study plus a long list of potential partners, identification of potential partners and customers would be the best way forward as well as not only architects, architect and designer studios, but also Distributors. That can help Empress Wood to reach out to end customers. Also, the market research study not only to qualify this.

Qualify Portugal as a target market also would be good to understand the taste of the Portuguese consumer. And when it comes to Empress Wood, and if there is the need or if it would be advisable to have some kind of modification. A modification in their products in order to tackle better the Portuguese market.

**Kaisla Parviainen:** What kind of partners would be beneficial for the Empress Wood in Portugal?

**Guillermo Solano:** I would say that different layers and depending on the response that we get. So first I would start by hiring an external consulting firm. And to do this, market research and identification of potential partners then.

If they find out that Portugal is interesting, then I would agree with these external consulting firm to create a number of sales leads during a specific period of time. For example, meetings with customers, with architect and designer studios for during a period of three to six months. And to do for external consulting firms that specialize in internationalization, we can provide some names or some consulting firm names regarding establishing in Portugal, which could help, Empress Wood. I would suggest to locally hire a sales agent that is permanently and coherently and systematically approaching the market and visiting those.

**Kaisla Parviainen:** What kind of criteria ranking would you recommend when ranking these Portuguese partners?

**Guillermo Solano:** I would try to find a partner, a partner that aligns in values with Empress Wood and with the image that Empress Wood has. I would try to focus on sustainability and nature. Trying to respect this in their experience as a design studio or architecture studio and also would be good to understand if they have a wood construction solutions already in their portfolio. Of course, Price makes a big impact as well, Portugal is a market that moves heavily by price, that should get taken in account.

**Kaisla Parviainen:** Are you aware of or do you know what are the growing trends in Portugal in the interior design/construction?

**Guillermo Solano:** We are not specifically aware in Portugal, but as mentioned in, if they follow more or less what is going on in Spain and in the rest of their Iberian Peninsula. There will be a

trend towards sustainability and decarbonization. Then I don't know if you have heard, but these EU money, the money that they, European Union will be allocating. And to few countries, among those Spain and Portugal and will be targeting the green transition and the utilization of the economies. And when it comes to design or construction, some money around 700 million.

Will be allocated for the decarbonization of the industry of the manufacturing industry. This will include the cement industry, it's one of the most polluting one and Portugal has a really big cement industry. If wood construction or wood solutions can help decarbonize the construction sector, I think it's a very good point to sell.

**Kaisla Parviainen:** Is there something you would like to add?

**Guillermo Solano:** At this point, I think that the Economy in Portugal is not that big. For a business is not so well regarded. We would like to raise awareness about this market. There is a lot going on, especially because of the EU funds. Not only they are funds but also horizon Europe and other lines of finance, that Portugal is a very good market. So having like a Portuguese strong partner could mean or could affect a lot in their solution, nevertheless. We understand that this is a mid-long term run which requires commitment and resources.

**Kaisla Parviainen:** Thank you very much for the interview.

**Guillermo Solano:** Thank you.

## **Appendix 2. Interview of Pauli Turunen the business owner of Empress Wood**

Transcript of Interview of Pauli Turunen on Microsoft Teams 18.04.2023

**Parviainen Kaisla:** OK, first of all, thank you very much Pauli Turunen for accepting my interview request. I am Kaisla Parviainen, and I am doing this interview as a part of my thesis. I am interviewing Pauli Turunen, who is the business owner of the Empress Wood. We can go directly to the questions. First, I would like to ask you that do you know a Finnish company similar to Empress Wood that is already operating in Portugal?

**Pauli Turunen:** I know many Finnish companies who are working with interiors, decorations, out-fits, but this is probably about the definition. What's classification and what is similar or what is not similar but. I don't know exactly enough about Portuguese markets, so. That's why I say no, I don't know. I know for instance, Lunawood is selling Thermo Wood to Portuguese market and probably many other Finnish companies, but I cannot give specified answer you at this point.

**Parviainen Kaisla:** OK. Next, do you know how known is Finland and Finnish products in Portuguese market in general?

**Pauli Turunen:** I don't know any specific quantities or statistics, but I know. From my network that Finnish wood products are appreciated. Appreciated to high value in Portuguese markets. Once again, thermally treated wood has high demand in Portugal, and I know that Finnish products have been sold quite a lot to these markets from my networks. I know people who have sold thermally treated wood and this kind of. And this kind of whole package architecture, like their turnkey solutions to Portuguese markets, let's say summer cottages or villas or so we just. Which, which includes both includes quite a lot of similar product products as what we are doing at the moment.

**Parviainen Kaisla:** Thank you. And do you see Empress Wood having potential in Portuguese market?

**Pauli Turunen:** So far this is the assumption it has. Based on the networks and this kind of unofficial feasibility study. We have been doing by asking questions from our friends and networks. It might have potential there but deeper knowledge and talking straight to local potential partners. It's still something we haven't been doing yet. So it's very early stage idea.

**Parviainen Kaisla:** Thank you, so maybe already covering that up, but what would be the next step Empress Wood should do?

**Pauli Turunen:** Talk to Potential partners. Partners such as companies who are importing premium wood Products to Portuguese. They also might have and also it can include players who are building. Premium high houses. And it can also include architects. This kind of partners. I Have an image that these players are somewhat tight to each other. When they are serving together as a value chain. The paying and customers.

**Parviainen Kaisla:** OK. So then what kind of partners would be beneficial for the Empress food in Portugal? This was already maybe covered up. Is there some characteristics in those partners?

**Pauli Turunen:** Yes. One opportunity is to have this kind of partners who are building this premium houses. They could be straight our customers. So then it would be very simple which is we deliver and they pay for the products but also in real life. It might need a local wholesaler who is importing special or premium wood products for who could, be the distributor there and have their own networks also these. Industrial opinion leaders, brave architects are needed as well.

**Parviainen Kaisla:** Okay. And then what kind of criteria ranking would you recommend when ranking these Portuguese partners? This may be covered up already. Do you have something to add on the list?

**Pauli Turunen:** When it comes to companies who are doing this kind of premium renovations or building premium new houses there. We're doing some kind of luxury. I know it can be in luxury interior renovations.

These companies should have enough economical status already and it cannot be just one guy and a van kind of a micro company because it just doesn't have resources enough then so turnover should be at least a couple of €1,000,000. I prefer it was closer to 10 million or over €10 million. Of course it can be bigger company if they get interested enough about the product. Then things how to interact with the partner might stay agile enough. I mean if the size of the company goes too big to 100 or hundreds of millions of euros in many times in corporations, the interaction is not agile at all. If the hierarchy is too big. So if it's big corporation, they really need to be interested in to have this product as a showcase in some specific project.

But anyway, the criteria at least: The partners should be big enough few €1,000,000 turnover at least and of course they need to have somehow a presence on local markets. It doesn't have to be Exactly Web page s or I don't have this kind of exact criteria, but that somehow it would be beneficial if they have even a local opinion like 'Makers status', in one area or city from where we could start. Reputation and size at least. Of course the market fit has to serve. What we have, but I think this was an assumption in this research that we are working on with Wood decorations.

**Parviainen Kaisla:** All right. Thank you. The second last point is that are you aware of the growing trend in Portugal when it comes to interior design/construction field?

**Pauli Turunen:** I don't have idea of where the trends are exactly going on in Portugal, probably they are also probably interested in sustainability but beyond that what's the real trend? At the moment, I don't know.

**Parviainen Kaisla:** Okay, thank you. And then the last point is if there's something you would like to add?

**Pauli Turunen:** I think it has been covered quite well.

**Parviainen Kaisla:** I thank you for the interview.

**Pauli Turunen:** Thank you very much.