


# **Market study for a Central Asian Company in the Finnish Market Case Study: Aliqulov Mirzahmad**

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To my father, whose selfless pursuit of a better life for his family was unwavering even in the face constant allergies.

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<p><b>Abstract</b></p> <p>As Central Asia is currently a developing region, the companies located there are also developing rapidly. One such company is Aliqulov Mirzahmad, a private enterprise. This enterprise is the leading manufacturer of construction and finishing products in the region. The aim of this thesis is to explore the opportunities and threats when the company targets the Finnish market. In order to gain this achievement, the study will utilize the PEST model, Porter's Five Forces model, the Value Chain model, and entry modes for an overall assessment of the entry into the Finnish market. Based on the results, the study will design a business plan for the entry of the construction materials' market destination accordingly.</p> <p>As a result of this research, the information about the weather in the Finnish market, the situation in the construction materials market, and how many opportunities the selected company has to enter this market will be studied. Depending on the company's findings from the research and the company's desire, it will be possible to decide whether to enter this market in the future. The work obtains answers to the following questions: what is the business environment of the Finnish construction and finishing materials market in terms of political, economic, social, and technological perspectives?, and what is the current situation and future trends of the construction industry in Finland in terms of Porter's Five Forces Model?</p>		
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# 1 Introduction

## 1.1 Background

According to the Finnish Construction Industries Federation, the construction industry in Finland has experienced moderate growth in recent years, with a growth rate of 2.5% in 2021 (Finnish Construction Industries Federation 2022). Additionally, according to the book *Doing Business in Finland* by Kari Liuhto and Mikael Sundström, the Finnish market is known for its high-quality standards and strict regulations, particularly in the construction industry (Liuhto & Sundström 2017).

In terms of the business environment, the Finnish market is influenced by various factors such as political stability, economic growth, social factors, and technological advancements. For instance, the country's political stability and low corruption rates make it an attractive destination for foreign investors (Soltani & Moghaddam 2021). Furthermore, the Finnish Government has implemented various policies and programs to support the growth of the construction industry, such as the National Building Information Modeling Program (Välimäki, Törmä, Paavola, & Oivo 2019).

## 1.2 Aim of the study

The aim of this study is to assess the opportunities and threats faced by Aliqulov Mirzahmad, a manufacturer of construction and finishing products in Central Asia, in the Finnish market. The study will utilize various models such as the PEST model, Porter's Five Forces model, the Value Chain model, and other marketing tools to analyze the business environment in Finland.

The study will specifically focus on the political, economic, social, and technological perspectives of the Finnish construction and finishing materials market. Additionally, the current situation of the Finnish construction industry will be analyzed using Porter's Five Forces Model. To investigate future trends in the industry, the study will analyze historical patterns, review industry reports and expert opinions, and identify emerging technologies, regulations, and other factors that may shape the industry's future.

Based on the findings of the research, the study will design a business plan for the entry of Alikulov Mirzahmad into the Finnish market. The research will assess the company's internal strengths, such as financial resources, expertise, and existing infrastructure, in order to determine the most effective strategy for entering the market. Furthermore, it will examine external opportunities and threats, such as market trends, competitor actions, and regulatory changes, based on the findings from the business environment analysis. This comprehensive approach will help to ensure that the company's market entry strategy is well-informed and adaptable to the dynamic business environment.

Overall, the study aims to provide valuable insights and recommendations for "Alikulov Mirzahmad" and other similar companies seeking to expand into the Finnish construction and finishing materials market.

### **1.3 Outline of the thesis**

In this thesis, Alikulov Mirzahmad's finishing and building materials are introduced to the Finnish market as a new Asian product, and their potential opportunities and market needs are studied and analyzed. Acricolor Veneziano is one of the products that serve as the basis of this research. In the conducted market research, we will analyze the demand for the product in the Finnish market of construction and finishing materials, where it is used as a composite material for enhancing and beautifying the final stages of construction. Additionally, the market segments where the product is most popular will be identified, in order to better understand its positioning and potential customer base. Therefore, to study the Finnish market, it is necessary to examine the firm from every angle and compare it to the requirements of the potential market as it exists today.

There will be similarities and differences between the marketplaces in Finland, and Uzbekistan. These similarities and differences encompass cultural, economic, and technological aspects. Establishing a commercial connection between Uzbek manufacturing and Finnish consumers will require time and effort due to these distinctions.

Despite the company's unfamiliarity with the Finnish market and the presence of cultural, economic, and technological differences, Finland holds promise as a

prospective market. This research primarily targets middle-class and high-income consumers in Finland. By delving into these market nuances, we aim to facilitate a seamless entry into the Finnish market.

#### **1.4 Case company: Alikulov Mirzahmad**

##### **Company background and current situation**

The company was founded in 2004 in the Fergana Region of Uzbekistan. The company started as a small family enterprise and today it has become a medium-sized private enterprise producing more than 90 different products. Its founder, Alikulov Mirzakhmad, is the general director of the company.

According to Uzbek tax law, small business enterprises are defined as companies that produce building materials and have a combined employment base of less than 50 and annual revenue of less than \$500,000. Currently, the company, which employs around 20 people and has an annual turnover of 230,000 euro, is a medium-sized company according to the legislation of Uzbekistan. (Tax Committee of Uzbekistan 2021.)

## **2 Tools for designing market study.**

### **2.1 Definition of Market Research**

Market research is conducted either simultaneously or sequentially to facilitate marketing decisions in more than one country (Kumar 2006). The process of international market research, though involving the same disciplines as domestic research, has some differences compared to its domestic counterpart. The major differences stem from the national differences between countries, which can arise from political, legal, economic, social, and cultural factors. Additionally, these differences may impact the comparability of research results across various countries.

### **2.2 Analysis of business environment**

#### **2.2.1 PEST model**

A PEST analysis is a strategic management tool that enables businesses to analyze the macro-environmental factors affecting their industry (Kotler & Keller 2015). By examining the political, economic, social, and technological factors, organizations can adapt their strategies and make better-informed decisions in a constantly changing business landscape. This thesis aims to provide a comprehensive understanding of PEST analysis and its applications in marketing.

#### Political Factors:

According to Kotler and Keller (2015), political factors encompass government policies, regulations, trade agreements, and political stability. These factors can directly or indirectly impact businesses and their industries (Kotler & Keller 2015, 68). For instance, changes in taxation policies, trade barriers, or labor laws can significantly affect a company's operations and profitability. Ongoing monitoring of political factors is essential for organizations to navigate the challenges and opportunities within their industries (Kotler & Keller 2015, 68).

#### Economic Factors:

Economic factors such as inflation, exchange rates, interest rates, and economic growth play a crucial role in shaping the business landscape (Oconnell & Warnock-Smith 2013). Understanding these factors is vital for businesses when analyzing market potential and developing marketing strategies (Oconnell & Warnock-Smith 2013, 5). For example, economic downturns can lead to lower consumer spending, while economic growth can create new market opportunities. Companies must stay attuned to economic factors to ensure their marketing strategies align with the prevailing economic conditions (Oconnell & Warnock-Smith 2013, 5).

#### Social Factors:

Social factors include demographics, cultural trends, and lifestyle shifts that influence consumer behavior (Schiffman & Wisenblit 2015). Monitoring these factors can help businesses predict changes in consumer preferences and adjust their marketing strategies accordingly (Schiffman & Wisenblit 2015, 32). For



instance, an aging population may require different products and services than a younger demographic, while cultural shifts can lead to new consumer needs and preferences. Companies must be proactive in understanding and adapting to these social factors to stay relevant in their markets (Schiffman & Wisenblit 2015, 32).

#### Technological Factors:

In today's rapidly evolving business environment, technological factors play an increasingly significant role (Filippetti & Archibugi, 2011). Innovations can disrupt industries, create new market opportunities, and challenge existing players (Filippetti & Archibugi 2011, 1336). Businesses must keep up with technological advancements and integrate them into their marketing strategies to maintain a competitive edge. For example, the rise of e-commerce, mobile technology, and social media has drastically changed the way businesses engage with customers and market their products and services (Filippetti & Archibugi 2011, 1336).

A PEST analysis serves as a valuable strategic tool for businesses to assess the macro-environmental factors affecting their industries (Kotler & Keller, 2015). By examining political, economic, social, technological, environmental, and legal factors, companies can better understand the challenges and opportunities they face in a constantly changing business landscape. Adapting marketing strategies based on these factors can lead to more informed decision-making, enhanced competitiveness, and long-term success for organizations operating in various industries.

### **2.2.2 Porter's Five Forces**

Porter's Five Forces is still widely used in strategic management and it has been applied in various industries and contexts to analyze the competitive forces and determine a firm's strategic positioning. For example, one recent study by Lorenz and Lundvall (2011) applied the Five Forces model to the European automotive industry, analyzing the competitiveness of the industry and the factors that affect

it, such as government policies, customer preferences, and technological changes.

#### Threat of New Entrants:

Kraaijenbrink (2011) highlights the importance of entry barriers in determining the ease with which new firms can enter an industry. Factors such as economies of scale, access to distribution channels, and brand loyalty play a significant role in influencing the level of competition (Kraaijenbrink 2011, 390). Industries with high entry barriers often see less competition and higher profits for existing firms.

#### Bargaining Power of Suppliers:

The power of suppliers is a critical factor in shaping an industry's competitive dynamics. Gibbs (2015) explains that supplier power is affected by the number of suppliers, the uniqueness of their products or services, and the cost of switching suppliers. When suppliers have significant bargaining power, they can exert influence over prices and product quality, affecting the profitability of firms in the industry (Gibbs 2015, 65).

#### Bargaining Power of Buyers:

The power of buyers is another essential force in Porter's model. Buyers can influence an industry's competitive environment by demanding lower prices, better product quality, or additional services (Karagiannopoulos et al. 2014). Factors such as buyer concentration, product differentiation, and the availability of substitutes can determine buyers' bargaining power (Karagiannopoulos et al. 2014, 42).

#### Threat of Substitute Products or Services:

The availability of substitute products or services can impact an industry's competitiveness. According to Gallego and Rubalcaba (2016), the threat of substitutes is determined by factors such as the relative price-performance of substitutes, the cost of switching, and consumer preferences. Industries with a

high threat of substitutes often experience downward pressure on prices and reduced profitability (Gallego & Rubalcaba 2016, 12).

#### Rivalry Among Existing Competitors:

The intensity of rivalry among existing competitors is the final force in Porter's model. Factors such as industry growth rate, the number of competitors, product differentiation and switching costs can influence the level of rivalry within an industry (Mihai et al. 2013). Industries with intense competition often see reduced profitability and increased pressure to innovate (Mihai et al. 2013, 79).

In summary, Porter's Five Forces framework provides a comprehensive understanding of the competitive forces that shape an industry. By examining the threat of new entrants, the bargaining power of suppliers and buyers, the threat of substitute products or services, and rivalry among existing competitors, businesses can develop strategies to navigate their industry's competitive landscape and enhance their competitive advantage.

Further research on Porter's Five Forces and its applications in different industries can provide additional insights into the practical aspects of the model.

The following text provides some instances of these insights:

#### Complementors in Co-opetition:

Bouncken and Fredrich (2016) extend Porter's Five Forces by introducing the concept of "complementors," referring to firms that provide complementary products or services, enhancing the value of another company's offerings. This concept highlights the potential for companies to engage in co-opetition, a situation where companies cooperate with their competitors to create mutually beneficial outcomes (Bouncken & Fredrich 2016, 20).

#### Digital Transformation and Porter's Five Forces:

Karimi and Walter (2015) emphasize the impact of digital transformation on industries, arguing that Porter's Five Forces framework can help businesses

understand the changing competitive landscape in the digital era. As technology continues to evolve, the dynamics of competition, the power of suppliers and buyers, and the threat of substitutes can change dramatically (Karimi & Walter 2015, 80).

### **3 Research Methodology**

#### **3.1 Research questions**

By providing detailed responses to these five particular questions, the viability of a business can be fully determined:

- What are the market's present conditions in terms of political stability, economic success, and cultural acceptance?
- What market segment will Aliqulov Mirzahmad operate in?
- What is the size of the consumer group that would be interested in buying Aliqulov Mirzahmad's products?
- What are the market's competitors' strengths and weaknesses in terms of competition?
- How do the legislative and logistical procedures work?


#### **3.2 Research methods**

The key market determinants are examined in this study using a combination of primary and secondary data. Secondary data, while beneficial in terms of saving both time and money, might not always align perfectly with the specific objectives of this study. However, even if not all the secondary data collected directly relates to our research goals, it still provides valuable context and background. It is important to note that verifying the accuracy of secondary data poses its own challenges, but nonetheless is a valuable resource.

#### **3.3 Limitations of the study**

The following are some of the study's limitations:

First, a weak understanding of Finnish customer behavior might result in insufficient market study validation. Secondly, mistakes may be made due to misjudgments about the competitive financial landscape. This includes factors

like how competitors price their products, manage their costs, leverage their financial resources, and respond to market challenges. Misjudgments may also occur in estimating marketing costs, initial expenses associated with market entry, pricing strategies, and competition across various processes, all due to a lack of understanding of the logistics, distribution channels, the local consumers' behaviors and marketing data. 

## **4 Business environment of the Finnish construction and finishing materials market**

The business environment of the Finnish construction and finishing materials market is shaped by a combination of various factors that influence the industry's overall performance and growth. These factors include the macro environment, which encompasses political, economic, social, and technological aspects, as well as the competitive landscape, which can be analyzed using Porter's Five Forces Model.

The macro environment, as discussed in Section 4.1, outlines the political stability, economic growth, social trends, and technological advancements in Finland, which can create both opportunities and challenges for companies like Aliqulov Mirzahmad. Understanding these factors is crucial for effectively navigating the Finnish market and making informed decisions.

Porter's Five Forces Model, covered in Section 4.2, provides a comprehensive analysis of the competitive landscape in the Finnish construction and finishing materials market. This analysis estimates the intensity of competition by considering factors such as the threat of new entrants, the bargaining power of suppliers and buyers, the threat of substitute products or services, and the intensity of competitive rivalry. By analyzing the competitive landscape using Porter's Five Forces Model, Aliqulov Mirzahmad can better understand its position within the market and develop effective strategies to compete and grow in Finland.

### **4.1 Macro environment of construction and finishing materials market in Finland**

The macro-environment plays a crucial role in shaping the construction and finishing materials market in Finland. It encompasses various factors, such as political, economic, social, and technological aspects, which can influence the demand for construction and finishing materials in the country. A comprehensive understanding of these factors is essential for Aliqulov Mirzahmad to effectively navigate the Finnish market and make informed decisions.

**Political factors:** The Finnish Government's policies, regulations, and commitment to sustainable development have a significant impact on the construction and finishing materials market. The country's stable political environment and EU membership create a conducive business climate for foreign companies like Aliqulov Mirzahmad.

**Economic factors:** This research will present specific figures on Finland's economy, including indicators like GDP growth, interest rates, and inflation. These economic indicators will provide a comprehensive view of the economic conditions that affect the construction industry in Finland, and can influence the construction industry's growth and the demand for construction and finishing materials. A strong economy with increased investments in infrastructure projects can create opportunities for market expansion. The subsequent sections of the study will detail the strength of Finland's economy and the level of investments in infrastructure projects.

**Social factors:** Population demographics, urbanization, consumer preferences, and cultural aspects can influence the demand for construction and finishing materials in Finland. Catering to the aging population, urbanization trends, and consumer preferences for sustainable products can create opportunities for "Aliqulov Mirzahmad" in the Finnish market.

**Technological factors:** Finland's technological environment is highly advanced and plays a significant role in shaping the construction and finishing materials market. To stay competitive and meet the needs of the Finnish market, Aliqulov Mirzahmad is planning to incorporate various advanced technologies into its operations. For instance, the company aims to adopt digitalization in its production and sales processes, improve energy efficiency and minimize environmental impact through green technologies, integrate IoT-enabled

solutions for real-time inventory management, and implement automation to enhance productivity and accuracy in manufacturing. These technological adaptations will not only increase the efficiency of the company's operations but also ensure that the products meet the high standards expected in the Finnish market.

By analyzing the macro environment of the construction and finishing materials market in Finland, Aliqulov Mirzahmad can better understand the opportunities and challenges present in the market. This analysis will enable the company to make informed decisions, develop effective strategies, and adapt to the dynamic business environment in Finland.

#### **4.1.1 Political analysis**

The political environment in Finland is characterized by stability, transparency, and strong regulatory frameworks. The country consistently ranks high in global indexes for ease of doing business, low corruption, and transparency (World Bank 2023). This positive political environment has implications for the construction and finishing materials market, as businesses can operate with confidence and predictability.

Finland is a member of the European Union (EU) and adheres to the regulatory framework set by the European Commission. This includes regulations on the construction industry and building materials, which are governed by the Construction Products Regulation (CPR) (European Commission 2023). The CPR sets out harmonized standards for the performance and safety of construction products, including finishing materials, and requires manufacturers to affix the CE marking on their products to indicate compliance with these standards (European Commission 2023). Aliqulov Mirzahmad would need to ensure that its products meet these standards to enter the Finnish market.

In addition, Finland has national regulations and policies that impact the construction and finishing materials market. The Land Use and Building Act (132/1999) and the Land Use and Building Decree (895/1999) regulate land use,

building permits, and construction requirements in the country (Ministry of the Environment 2023). Furthermore, Finland has adopted several environmental and sustainability policies to promote sustainable construction practices, such as the National Energy and Climate Strategy (Ministry of Economic Affairs and Employment 2023) and the Finnish Sustainable Building Program (Ministry of the Environment 2023). These policies promote the use of eco-friendly materials, energy-efficient construction techniques, and waste reduction, which may create opportunities for Aliqulov Mirzahmad to provide sustainable and innovative products to the Finnish market.

Regulation/Policy	Description
Construction Products Regulation (CPR)	EU-wide harmonized standards for the performance and safety of construction products (European Commission 2023)
Land Use and Building Act (132/1999)	Regulates land use, building permits, and construction requirements in Finland (Ministry of the Environment 2023)
Land Use and Building Decree (895/1999)	Provides further details on the requirements set by the Land Use and Building Act (Ministry of the Environment 2023)
National Energy and Climate Strategy	Aims to reduce greenhouse gas emissions and increase energy efficiency in Finland (Ministry of Economic Affairs and Employment 2023)
Finnish Sustainable Building Program	Promotes sustainable construction practices, including the use of eco-friendly materials and energy-efficient techniques (Ministry of the Environment 2023)

Table 1. Key Finnish regulations and policies affecting the construction and finishing materials market

In conclusion, the political environment in Finland is stable and supportive of businesses, but Aliqulov Mirzahmad must comply with EU and national



regulations to enter the market. The company should also consider aligning its products with Finnish sustainability policies to gain a competitive advantage in the market.

#### **4.1.2 Economic analysis**

Finland's economy is characterized by a high-income, mixed-market system with a strong emphasis on innovation and technology (World Bank 2023). The construction industry plays a significant role in the Finnish economy, contributing to approximately 6.7% of the country's Gross Domestic Product (GDP) in 2022 (Statistics Finland 2023). The construction sector's growth has been influenced by factors such as population growth, urbanization, and a strong demand for housing and infrastructure projects.

The Finnish Government has been investing in infrastructure development and urban renewal, particularly in the Helsinki metropolitan area, which is expected to drive growth in the construction and finishing materials industry (Ministry of Transport and Communications 2023). Additionally, public-private partnerships (PPPs) have become more common in Finland, with several large-scale projects, such as the Tampere Tramway and the E18 Highway being developed through PPPs (Ministry of Finance 2023). This may create opportunities for Aliqulov Mirzahmad to collaborate with local partners in the Finnish construction market. Such collaborations could involve supplying construction and finishing materials for these infrastructure projects, joining forces with local Finnish companies for product distribution, co-developing innovative materials with Finnish research institutions or universities, or working with Finnish architecture firms to provide bespoke solutions for specific project needs. These collaborations would help Aliqulov Mirzahmad integrate more effectively into the Finnish market while also benefiting from the local expertise and resources.

However, the Finnish economy also faces challenges, such as an aging population and a shrinking workforce, which may impact the construction industry's long-term growth prospects (Statistics Finland 2023). Furthermore, the global economic uncertainties due to factors such as trade tensions and the

ongoing effects of the COVID-19 pandemic may have an effect on the Finnish economy and construction sector (Bank of Finland 2023).

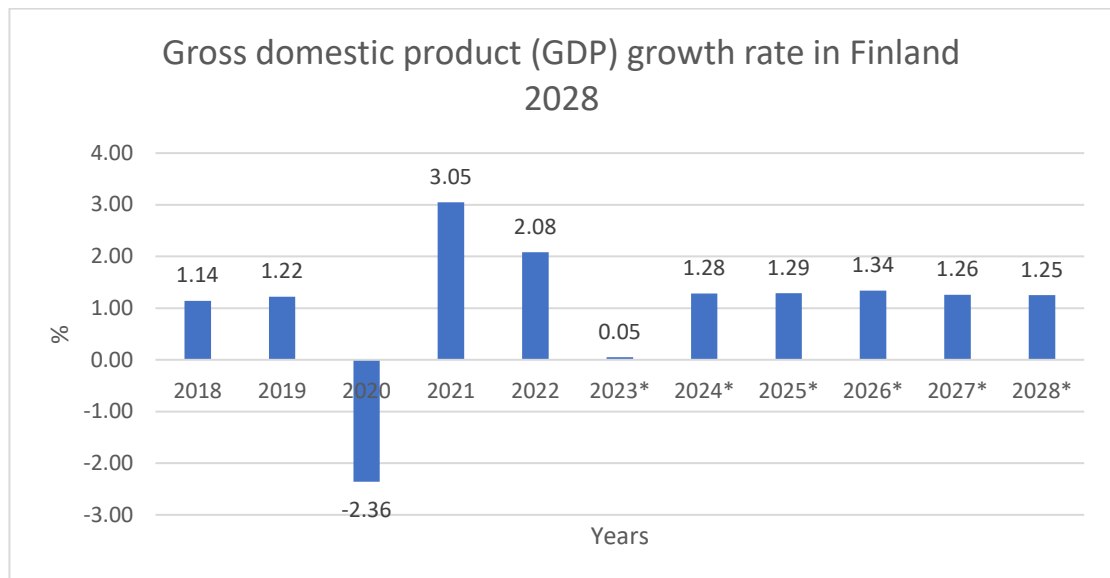


Figure 1. GDP growth rate in Finland 2028 (International Monetary Fund 2023)

It was predicted that Finland's real gross domestic product will expand by 1.2 percentage points overall between 2023 and 2028. This total growth is not constant, especially not in 2027 and 2028. In 2028, the increase is anticipated to be 1.25 percent. Although projections indicated substantial development in the upcoming years, it is now expected that this rate of expansion will decelerate.

This statistic measures the yearly change in the gross domestic product at constant prices, according to the International Monetary Fund, and is represented in euros. It conveys the entire value of the finished products and services produced over the course of a year. (International Monetary Fund 2023.)

The Gini index, also known as the Gini coefficient, is a measure of income or wealth inequality within a population (Gini 1921). It is a widely used metric in economics and social sciences to quantify the degree of inequality in the distribution of resources (Dorfman 1979). The Gini index ranges from 0 to 100(%), where 0 represents perfect equality (everyone has the same income or wealth)

and 100(%) represents perfect inequality (one person has all the income or wealth, while others have none).

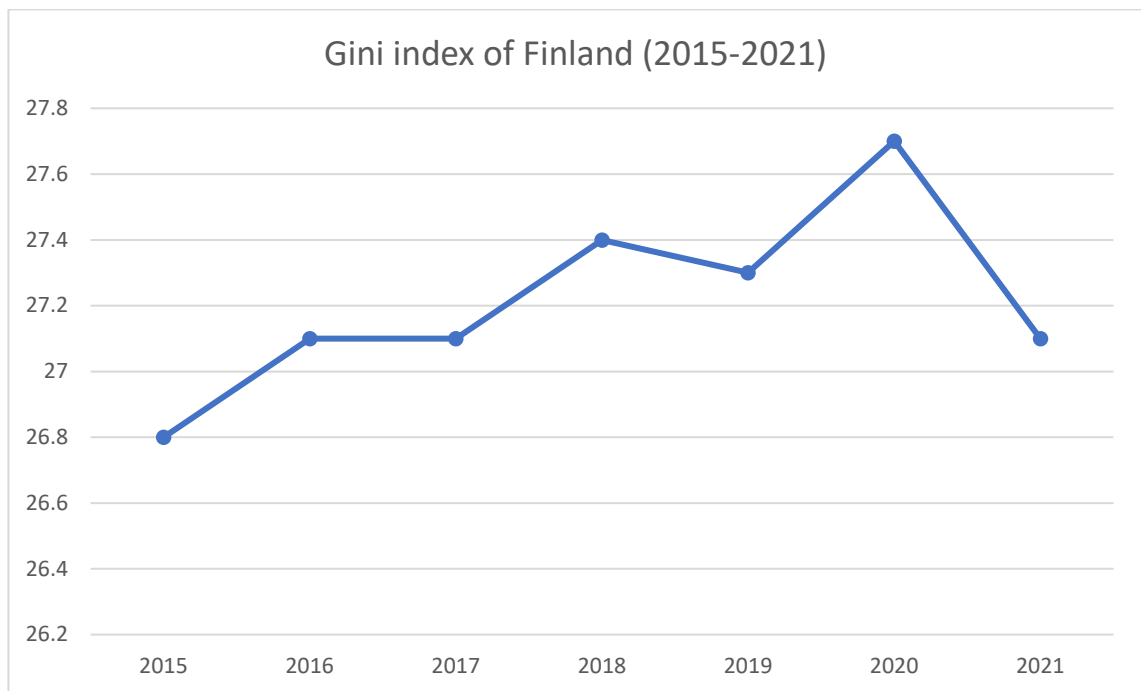


Figure 2. Gini index of Finland (2015-2020). (World Bank 2023)

According to the World Bank, Finland's Gini coefficient in 2020 was 27.01, slightly lower than in previous years. This suggests a trend towards more equal income distribution among the population. As such, Finland is among the countries with a high level of income equality in Europe and Central Asia (World Bank 2023). In 2021, the mean monthly remuneration in Finland stood at 3,681 euros. Within the central government sector, the average monthly earnings amounted to 4,124 euros, while the respective figure for the private sector was 3,770 euros. Since 2011, a near-annual escalation in average monthly earnings has been observed across all sectors. (Statistics Finland 2022.)



Figure 3. Average monthly earnings in Finland 2011-2021, by sector (Statistics Finland 2022).

In conclusion, the Finnish construction and finishing materials market is influenced by a variety of economic factors. These include the demand for infrastructure projects and business premises construction, government investment, and public-private partnerships. It is worth noting that recent reports suggest a significant downturn in the construction industry in Finland, with many construction companies facing bankruptcy ( Yle News 2023; Trading Economics 2023). However, despite this challenging environment, the renovation construction sector is experiencing growth. As an exporter, Aliqulov Mirzahmad should carefully consider these dynamic market conditions when evaluating the potential of the Finnish market and designing a business plan for it. (Valtioneuvosto 2023.)

#### 4.1.3 Social analysis

Finland's social environment plays a crucial role in shaping the construction and finishing materials market. Several social factors, such as population demographics, urbanization, consumer preferences, and cultural aspects, can influence the demand for construction and finishing materials in the country.

**Population and demographics:** Finland has a population of approximately 5.5 million people, with a low population growth rate and an aging population

(Statistics Finland 2023). The aging population has led to an increased demand for accessible and age-friendly housing solutions. This demographic shift presents an opportunity for Aliqulov Mirzahmad to cater to this specific market segment by providing products such as anti-slip floor finishes, easy-to-maintain wall coatings, and high-contrast finishes, all of which can enhance safety and usability for older adults. Moreover, the increasing number of single-person households and smaller families in urban areas is driving demand for smaller, more efficient living spaces (Statistics Finland 2023).

**Urbanization:** Finland is experiencing a trend of urbanization, with the majority of the population living in urban areas, particularly in the Helsinki metropolitan area (Statistics Finland 2023). This urban concentration has driven the demand for housing and infrastructure development, creating opportunities for construction and finishing materials companies. The focus on smart city initiatives and the adoption of technology in urban planning can also impact the construction industry, presenting opportunities for innovative and tech-enabled products and solutions.

**Consumer preferences:** Finnish consumers are known for their preference for high-quality, eco-friendly, and sustainable products (Finnish Commerce Federation 2023). The growing interest in sustainable living, energy efficiency, and eco-friendly construction methods presents an opportunity for Aliqulov Mirzahmad to differentiate itself in the market by offering sustainable and innovative finishing materials.

**Cultural aspects:** Finnish culture values simplicity, functionality, and design aesthetics, which can influence consumer preferences in the construction and finishing materials market. Embracing the principles of Finnish design, such as minimalism and practicality, can help Aliqulov Mirzahmad better cater to the Finnish market and create products that resonate with local consumers.

Social Factor	Description
Population demographics	Aging population may drive demand for accessible and age-friendly housing solutions (Statistics Finland 2023)
Urbanization	Concentration of population in urban areas drives demand for housing and infrastructure development (Statistics Finland 2023)
Consumer preferences	Finnish consumers prefer high-quality, eco-friendly, and sustainable products (Finnish Commerce Federation 2023)
Cultural aspects	Finnish design principles, such as simplicity and functionality, can influence consumer preferences in the market

Table 2. Key social factors affecting the construction and finishing materials market in Finland.

In conclusion, understanding the social environment in Finland is crucial for Aliqulov Mirzahmad to tailor its products and marketing strategies to meet the needs and preferences of Finnish consumers. Catering to the aging population, urbanization trends, consumer preferences for sustainable products, and incorporating Finnish design principles can create opportunities for the company in the Finnish market.

#### 4.1.4 Technological analysis

Finland's technological environment is highly advanced and plays a significant role in shaping the construction and finishing materials market. Technological advancements and innovations can create new opportunities and challenges for companies like Aliqulov Mirzahmad in the Finnish market.

**Digitalization and BIM:** Finland is at the forefront of digitalization in the construction industry, with Building Information Modeling (BIM) has become a standard practice in the country (BuildingSMART Finland 2023). BIM involves

creating digital models of buildings to improve collaboration, efficiency, and quality in construction projects. Aliqulov Mirzahmad should consider adopting BIM-compatible solutions and data-driven approaches to cater to the Finnish market's demand for digital construction processes.

**Green technologies:** As mentioned earlier, Finland is committed to sustainability, and this commitment extends to the construction industry. The adoption of green technologies, such as energy-efficient building materials, renewable energy systems, and waste reduction technologies, is gaining traction in Finland (Ministry of the Environment 2023). Aliqulov Mirzahmad can capitalize on this trend by offering eco-friendly and energy-efficient finishing materials that align with the Finnish market's focus on sustainability.

**Smart buildings and IoT:** The Internet of Things (IoT) is transforming the construction industry, leading to the development of smart buildings that can monitor and optimize energy consumption, security, and indoor environmental quality (VTT Technical Research Centre of Finland 2023). Integrating IoT-enabled solutions into its product offerings can help Aliqulov Mirzahmad tap into the growing demand for smart building technologies in the Finnish market.

**Automation and robotics:** The construction industry in Finland is increasingly adopting automation and robotics technologies to improve productivity, reduce labor costs, and enhance safety (Tekes 2023). Aliqulov Mirzahmad should stay abreast of these advancements and consider incorporating automation and robotics solutions into its production processes to remain competitive in the Finnish market.

Technological Factor	Description
Digitalization and BIM	Adoption of digital construction processes and Building Information Modeling (BuildingSMART Finland 2023)

Technological Factor	Description
Green technologies	Growing demand for energy-efficient building materials and sustainable construction practices (Ministry of the Environment 2023)
Smart buildings and IoT	Integration of IoT-enabled solutions and smart building technologies (VTT Technical Research Centre of Finland 2023)
Automation and robotics	Adoption of automation and robotics technologies in the construction industry (Tekes 2023)

Table 3. Key technological factors affecting the construction and finishing materials market in Finland.

In conclusion, the technological environment in Finland is highly advanced and presents both opportunities and challenges for Aliqulov Mirzahmad in the construction and finishing materials market. Embracing digitalization, green technologies, IoT-enabled solutions, and automation can help the company stay competitive and meet the needs of the Finnish market.


## 4.2 Porter's Five Forces Model

### 4.2.1 Bargaining power of buyers

The bargaining power of buyers in the construction and finishing materials market in Finland is substantial due to several factors. This bargaining power is further magnified in the context of large urban markets such as Helsinki and other major Finnish cities, where a variety of competitive options exist.

**Availability of substitutes:** The construction and finishing materials market is characterized by a high number of substitutes, which significantly increases the bargaining power of buyers (Porter 2008). In Helsinki and other major Finnish



cities, buyers can choose from a wide range of materials and suppliers. If they find Aliqulov Mirzahmad's products too expensive or unsatisfactory in terms of quality, they can easily switch to another alternative company. 

**Information Availability:** In today's digital age, information about products, suppliers, and prices is readily available (Porter 2008). Finnish buyers can easily compare the offerings of Aliqulov Mirzahmad with those of its competitors. This transparency allows buyers to negotiate for better prices and terms, thereby increasing their bargaining power.

**Buyer Concentration:** In the Finnish market, several large construction companies account for a significant portion of purchases in the construction and finishing materials market (Statistics Finland 2022). These large buyers have considerable bargaining power and can demand price concessions or other favourable terms from Aliqulov Mirzahmad.

**Price Sensitivity:** Finnish buyers, especially those in the construction industry, are often price-sensitive due to the tight margins and competitive nature of the industry (Statistics Finland 2022). This price sensitivity increases the bargaining power of buyers, as they may opt for cheaper alternatives if Aliqulov Mirzahmad's products are deemed too expensive.

**Quality Expectations:** Finnish buyers have high quality standards and expectations for construction and finishing materials, given the country's stringent building regulations and the harsh climate conditions that require durable and high-quality materials (Finnish Government 2021). If Aliqulov Mirzahmad fails to meet these quality expectations, buyers can easily switch to another supplier, thereby increasing their bargaining power.

Factor	Description
Availability of substitutes	High number of substitutes increases the options available to buyers
Information Availability	Easy access to information about products and prices allows buyers to compare and negotiate effectively
Buyer Concentration	Large construction companies in Finland can demand better prices and terms due to their buying power
Price Sensitivity	Tight margins and competition in the construction industry make buyers price-sensitive
Quality Expectations	High quality standards and stringent regulations increase the need for high-quality materials

**Table 4.** Factors increasing the bargaining power of buyers in the Finnish construction and finishing materials market

To address these challenges and reduce the bargaining power of buyers, Aliqulov Mirzahmad will need to demonstrate competitive pricing, high-quality products, and excellent customer service.

Economic indicators, such as the Consumer Price Index (CPI) and the Purchasing Power Index (PPI), can influence the bargaining power of buyers in the Finnish construction and finishing materials market. Changes in the CPI can impact the real purchasing power of buyers, affecting their ability to negotiate prices. Similarly, a higher PPI can signify stronger financial capacity among consumers, potentially increasing their bargaining power. The Consumer Price Index (CPI) is a measure that examines the weighted average of prices of a basket of consumer goods and services, including transportation, food, and medical care. In the context of the construction and finishing materials market, a higher CPI would mean that overall consumer prices are increasing, potentially leading to greater price sensitivity among buyers and thus increasing their bargaining power. For instance, if the economic situation in Finland is unstable, characterized by factors such as high inflation (as indicated by a rapidly rising CPI) or stagnant wage growth, consumers might become more price-conscious (OECD 2023). However, whether this change in consumer behavior translates

into increased bargaining power for buyers in the construction and finishing materials market depends on various other factors such as market competition, availability of substitute products, and buyers' switching costs (Porter 2008).

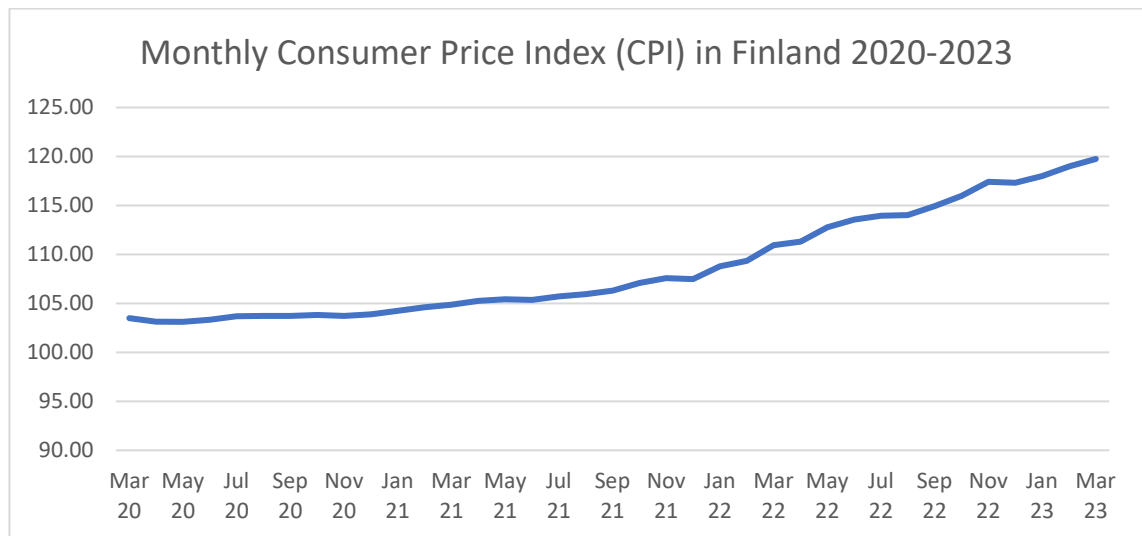


Figure 4. Monthly Consumer Price Index (CIP) In Finland 2020-2023 (Statistics Finland 2023).

On the other hand, the Purchasing Power Index (PPI) measures the financial ability of consumers to buy goods or services. A higher PPI means consumers generally have more ability to purchase goods or services. Therefore, a higher PPI in Finland would imply that buyers have more financial flexibility and may be more willing to pay for higher-priced or premium construction and finishing materials. In such a case, the bargaining power of buyers might decrease as price becomes a less significant factor in their purchasing decisions.

In order to adapt to these economic indicators and mitigate the increased bargaining power of buyers, Aliqulov Mirzahmad could consider strategies such as flexible pricing, offering discounts during periods of high CPI, or focusing on marketing high-quality or premium products to appeal to buyers with higher purchasing power.

#### 4.2.2 Bargaining power of suppliers

In the case of Aliqulov Mirzahmad, a comprehensive understanding of the company's supply chain dynamics is essential to gauge the bargaining power of suppliers. The company sources a significant portion of its raw materials from

Uzbek companies, which are either local producers of construction materials or distributors of major European companies such as Herox, BASF, and Merit Chemical. These European entities are among the leading industrial chemical manufacturers on the continent, providing high-quality inputs critical to Aliqulov Mirzahmad's production process. (Manager of "Aliqulov Mirzahmad" 2023.)

Despite the strategic partnerships and contractual agreements with these suppliers, around 70% of the raw materials are locally sourced. The advantage of local sourcing is the accessibility and potential cost-effectiveness it provides, further maintaining stable pricing and ensuring product quality. (Manager of Aliqulov Mirzahmad 2023.)

Recently, an increase in the number of potential suppliers in the construction materials industry has introduced more alternatives, potentially decreasing the bargaining power of the existing suppliers. However, according to the company's manager, Aliqulov Mirzahmad prioritizes trust and long-term relationships in its supply chain management. Hence, despite the growing supplier base in the market, the company is likely to continue working with its established partners, which are reputed and strong entities in the local market. This approach minimizes the risk of supply disruptions and maintains the consistency of the inputs, both of which are crucial for Aliqulov Mirzahmad's production. (Manager of "Aliqulov Mirzahmad" 2023.)

However, it is worth noting that even though the company's longstanding relationships with suppliers might limit its bargaining power, there is still a need for contingency planning. In the case of unforeseen circumstances that could disrupt these relationships or the supply chain, having potential alternative suppliers can prove beneficial. Therefore, Aliqulov Mirzahmad's ability to switch suppliers if needed, combined with its robust and trusting relationships with current suppliers, helps in effectively managing the bargaining power of suppliers. (Manager of "Aliqulov Mirzahmad" 2023.)

### 4.2.3 Threat of new entrants

The threat of new entrants in the Finnish construction and finishing materials market depends on various factors, such as entry barriers, market attractiveness, and incumbent reaction.

According to the European Construction Sector Observatory's report (2020), the construction industry in Finland is highly competitive, with several large domestic firms and international companies. This intense competition could pose a barrier to new entrants. The need for significant capital investment, industry knowledge, and relationships with suppliers and distributors could also deter new entrants.

Moreover, government regulations and standards can affect the ease of entering the market. The Finnish Government places a strong emphasis on environmental sustainability in construction (Finnish Government 2022). New entrants would need to adhere to these regulations, possibly posing additional entry barriers.

However, market attractiveness is a key factor that might encourage new entrants. The Finnish construction market has been steadily growing, with positive future forecasts (Euroconstruct 2022). It's important to note that while the GDP from Construction in Finland decreased slightly to 2993 EUR Million in the second quarter of 2023 from 3068 EUR Million in the first quarter of 2023 (Statistics Finland 2023), this should not overshadow the overall positive trajectory of the market. The growing demand for environmentally-friendly and energy-efficient building materials could provide an opportunity for companies that can supply such products.

Existing players' reaction can also impact new entrants. Companies with significant market share might respond aggressively to new entrants through strategies such as price competition or increased marketing, making it harder for new companies to gain a foothold (Porter 2008).

From this perspective, Aliqulov Mirzahmad needs to be prepared for the challenges in entering the Finnish market, which include competition, regulatory compliance, and the need to offer distinctive and high-quality products that align with Finnish preferences and values.

#### **4.2.4 Rivalry among existing competitors**

The rivalry in the Finnish market for construction and finishing materials is intense with several established players. Novacolor, BelleArti, and Oikos are among the key competitors for Aliqulov Mirzahmad.

Novacolor is a prominent player with a broad and high-quality product family in Finland. Their market position is reinforced by their local partner, Dekotuote Oy, which organizes training courses to educate decorators about their products, hence promoting their product usage (Dekotuote Oy 2023).

Belle Arti Oy, another strong competitor, differentiates itself by importing high-quality Italian coating materials that are ecologically friendly, user-friendly, and innovative. Their focus on product quality and eco-friendliness resonates well with Finnish consumers who value sustainability (Belle Arti Oy 2023).

Oikos has been making a name for itself since 2004 by using eco-friendly innovation and using powdered quarry waste to create their products. The company's materials mimic natural textures, contributing to the aesthetic appeal that many consumers in Finland appreciate (Oikos 2023).

These players have created a competitive environment with their differentiated products, quality, and focus on ecological aspects. This has implications for Aliqulov Mirzahmad, as the company would need to consider these factors when entering this market.

However, it is worth noting that each of these competitors targets slightly different market segments, suggesting opportunities for strategic positioning. The rivalry in the market does not only depend on the number of competitors but also on their strategies and the distinctiveness of their offerings.

One possible strategy for Aliqulov Mirzahmad to navigate this competitive landscape is to leverage its unique selling point of using real travertine stone as

a raw material. This, along with competitive pricing and a commitment to quality, could provide a strong value proposition to Finnish customers.

It is also critical for Aliqulov Mirzahmad to continuously monitor changes in the competitive landscape and adjust its strategies accordingly.

Competitor	Unique Selling Points	Market Position
Novacolor	Wide range, high-quality products, training programs	Strong, with high market share
Belle Arti Oy	High-quality, eco-friendly, user-friendly products	Strong, focus on innovation and maintenance of structures
Oikos	Eco-friendly, innovative use of powdered quarry waste	Growing, focus on natural textures

Table 5. Comparison of the key competitors.

#### 4.2.5 Threats of substitute products

The threat of substitutes in the construction and finishing materials industry is considerably high due to the wide array of options available in the market. These substitutes range from different types of construction and finishing materials to alternative architectural styles.

Firstly, the market presents a variety of different materials that can be used for construction finishing. These include, but are not limited to, paints, wallpapers, tiles, and laminates. For instance, traditional paints and wallpapers from companies like Tikkurila and HobbyHall could be used as substitutes for the finishing materials that Aliqulov Mirzahmad offers (Tikkurila 2023; HobbyHall, 2023). While these alternatives might not provide the same aesthetic and feel as products from Aliqulov Mirzahmad, they might be chosen for their lower cost, wider availability, or simply because they better fit the personal preference of the customer.

Another potential source of substitute threat could come from the adoption of different architectural styles. The products from Aliqulov Mirzahmad cater to customers who appreciate the Italian style of interior decoration. However, if the

preference of Finnish consumers shifts towards other styles (e.g. modern, minimalistic, Scandinavian), this could pose a threat to the demand for the company's products.

Aliqulov Mirzahmad should, therefore, remain vigilant about the changing trends in interior design and architecture, as well as the evolving preferences of Finnish consumers. Continuous market research and customer engagement are key to identifying any shifts in these trends early on and adjusting the product offerings accordingly.

Additionally, it might be beneficial for the company to diversify its product portfolio to include a wider variety of styles and types of materials. This way, it could cater to a broader customer base and mitigate the risk posed by substitute products.

## **5 Understanding competitors of Aliqulov Mirzahmad**

### **5.1 Identifying competitors**

In the Finnish market, Aliqulov Mirzahmad will face competition from several companies operating in the construction and finishing materials sector. These competitors can be categorized into direct and indirect competitors.

Direct competitors are companies that offer similar products and will directly compete with Aliqulov Mirzahmad. In Finland, key direct competitors include Nova Color, BelleArti, and Cementfabriken, all of which offer construction and finishing materials like mortars and coats. Other European companies, such as Oikos, FirmoLux, and UKU, can also be considered direct competitors as they offer similar products and have paid delivery services for Finnish customers (Nova Color 2022; BelleArti 2022; Cementfabriken 2022; Oikos 2022; FirmoLux 2022; UKU 2022).

Indirect competitors are companies that offer different but related products that could potentially substitute the products of Aliqulov Mirzahmad. In this category, Tikkurila, Kilito, Weber, and Teknos can be considered competitors as they produce painting, coloring, and finishing materials. Moreover, manufacturers of wallpapers, like PhotoWall and HobbyHall, can also indirectly compete with



"Aliqulov Mirzahmad" as wallpapers can be an alternative to wall finishing materials (Tikkurila 2022; Kilito 2022; Weber 2022; Teknos 2022; PhotoWall 2022; HobbyHall 2022).

In summary, the Finnish construction and finishing materials market is highly competitive, with several companies vying for market share. For Aliqulov Mirzahmad to be successful in this market, it needs to carefully estimate the competitive landscape, differentiate its offerings, and devise a sound market entry strategy.

## **5.2 Identifying market opportunities and challenges (SWOT)**

### **5.2.1 Strengths**

When it comes to strengths, Aliqulov Mirzahmad stands out due to its ability to offer competitive pricing. This strategy is pivotal in an industry that is known for high competition. The affordability of the company's products has been well-documented, as its construction and finishing materials are priced more affordably, even with the inclusion of transportation costs, compared to other similar offerings in the Finnish market. This affordability without a compromise on quality can serve as a compelling selling point (Manager of Aliqulov Mirzahmad, personal communication 2023).

Another key strength lies in the quality and uniqueness of their products. The company's distinct use of unique ingredients such as travertine stone powder in the construction and finishing materials sets it apart from competitors. Furthermore, the commitment to acquiring Finnish qualifications and certifications exhibits dedication to maintaining high product standards. This adherence to quality underscores that the products are on par with existing market offerings, potentially even surpassing them in certain aspects (Manager of Aliqulov Mirzahmad, personal communication 2023).

Aliqulov Mirzahmad has demonstrated substantial manufacturing capacity, which is an invaluable asset in the event of market demand spikes. This capacity for scalability ensures that it can accommodate an increase in production without compromising the quality of offerings.

### **5.2.2 Weaknesses**

Every business has weaknesses alongside its strengths. For Aliqulov Mirzahmad, one significant concern is its lack of brand recognition in the Finnish market. As a new player, the company will need to grapple with establishing its presence and attracting customers in a market already crowded with established brands (Kotler et al. 2015).

Another potential weakness is the limited data the company possesses about the Finnish market and its customers. To make strategic decisions, businesses need robust market insights. A dearth of such information could impede the company's ability to understand customer needs, anticipate market changes, and formulate effective strategies (Hollensen 2015).

Budget constraints pose another challenge, especially considering the need for rigorous marketing efforts to establish a brand in a new market. For a company of its financial volume, the substantial costs associated with marketing can strain its resources, limiting its ability to invest in other crucial areas.

### **5.2.3 Opportunities**

The company does, however, have significant opportunities. For one, the rapidly increasing number of Uzbek workers and construction companies in Finland offers a unique market for Aliqulov Mirzahmad's products. With more Uzbeks involved in the construction industry, particularly in finishing work, there is a ready audience who might favor products from a familiar, home-grown brand (Uzbek Embassy in Latvia 2023).

### **5.2.4 Threats**

Threats to the company primarily involve logistics and geopolitical issues. A sudden surge in demand for the company's products could strain its logistics capacity, impacting the ability to deliver promptly. The current geopolitical situation, particularly the Russia-Ukraine conflict, adds uncertainty. If Finland implements embargoes or protective measures in response to escalating

tensions, this could complicate the company's transportation routes and increase logistics costs.

## **6 Understanding the Finnish construction and finishing materials market**

### **6.1 Buyer persona research**

#### **Buyer Persona 1: Homeowner Hanna**

Hanna is a 35-year-old homeowner living in Helsinki. She works as a business executive and falls into the high-income bracket. Hanna has a sophisticated taste in interior decor and enjoys experimenting with different styles. She loves the old Venetian style and looks for materials that can imitate the look of decorative stones and provide an old-style coating.

Hanna values unique and artistic pieces, appreciates quality, and seeks products that are both affordable and environmentally sustainable. She enjoys DIY projects and does not mind spending a little extra on her home decor if the product offers value for money and aligns with her artistic tastes. Convenience and ease of use are important factors when Hanna chooses construction and finishing materials.

#### **Buyer Persona 2: Contractor Carl**

Carl is a 50-year-old professional contractor working in and around the city of Helsinki. He often handles large construction projects and needs reliable, high-quality construction and finishing materials. Carl works on diverse projects, including residential and commercial buildings. Many of his clients appreciate the aesthetic of decorative stone imitations and old-style coatings, reminiscent of the old Venetian style.

Carl values efficiency, durability, and ease of application in the materials he uses. As a seasoned contractor, he is not overly concerned about cost, as long as the materials deliver on quality and durability. He values long-term

relationships with suppliers who offer excellent customer service and prompt delivery.

These detailed buyer personas should help Aliqulov Mirzahmad to better understand the needs and preferences of their potential customers in the Finnish market, thereby allowing for more targeted marketing and product development efforts.

6.2 Pricing

The pricing strategy forms an integral part of a company's entry strategy into a new market, and it is no different for Aliqulov Mirzahmad targeting the Finnish construction and finishing materials market. A thorough understanding of the prevailing market rates, competitor pricing strategies, and the customer's willingness to pay is instrumental in setting an optimal price for the product offerings. Therefore, this section provides an in-depth pricing research of the Finnish market based on a comparison with competitors and the proposed price for the "Acricolor" product.

Product	Producer	Price for 1 kg (EUR)
CALCECRUDE	NovaColor	9.995
CeboStone	BellaArti	15
MicroCement	CementFabri	13.33
Acricolor	A. Mirzahmad	7

Table 6. Comparative Pricing of Construction and Finishing Materials in Finland (source: NovaColor 2023; BellaArti 2023; CementFabri 2023; A. Mirzahmad and Gianti Logistics 2023).

Table 6 shows it is evident that "Acricolor" is competitively priced lower than its market counterparts, potentially offering a significant edge to the company in terms of cost advantage. With a price of 7 EUR for 1 kg, it undercuts NovaColor's CALCECRUDE by around 30%, BellaArti's CeboStone by over 50%, and CementFabri's MicroCement by nearly 50%.

Given the price sensitivity in the market, especially among individual homeowners, the comparatively lower price of "Acricolor" can attract a significant customer base. This is more so because the quality of "Acricolor" matches that of its competitors, thus providing greater value for money. However, while a lower price can serve as a competitive differentiator, it is crucial for Aliqulov Mirzahmad to ensure that this does not translate into a perception of lower quality. The price-quality trade-off is a critical factor influencing purchasing decisions in the construction and finishing materials market. Hence, appropriate communication strategies need to be adopted to emphasize the high-quality standards maintained by the company despite the lower price.

Also, it is vital for the company to continuously monitor and update its pricing strategy considering the evolving market conditions, fluctuating costs, competitive landscape, and changing customer preferences. This would allow the company to maintain its competitive edge and ensure its sustainability in the long run.

### **6.3 Communication**

Based on the understanding of the buyer personas established earlier, the company can adopt a multi-channel communication strategy to effectively reach its target audience in the Finnish market.

According to the 2022 Statistics Finland data, 93% of Finnish households have access to the internet, with a significant proportion of users aged between 16 and 89 (Statistics Finland 2022). As such, digital communication platforms could be an effective tool for reaching both Hanna and Carl.

#### **Online Advertising**

Given the popularity and wide reach of social media platforms among various age groups, digital advertising can be a strong component of the company's communication strategy. Platforms such as Facebook, Instagram, and LinkedIn have been effective for businesses in reaching potential customers (Digital 2022: Finland, 2022). Moreover, Google Ads can target specific search terms related to construction and finishing materials, catering to potential customers actively seeking these products.

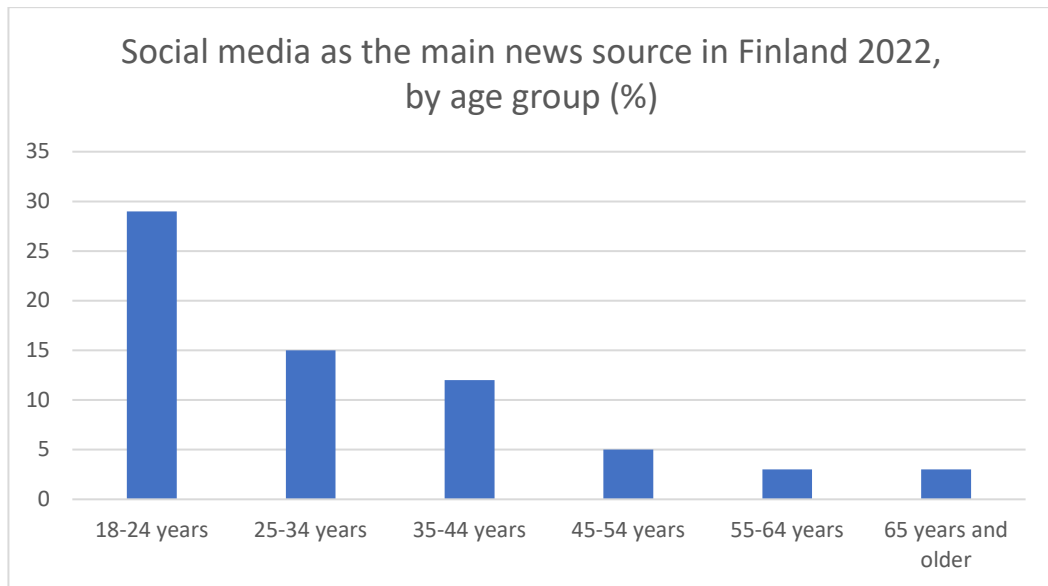


Figure 5. Social media as the main news source in Finland 2022, by age group (%) (Media-alan tutkimussäätiö 2022, 11).

### **Content Marketing**

Publishing engaging content related to home improvement and construction on a company blog or website can serve as an effective way to reach out to individuals like Hanna, who may be seeking ideas for her next home renovation project. For professionals like Carl, more technical content on the application and benefits of the company's products would be appropriate.

### **Email Marketing**

Email campaigns could also be used to communicate with potential customers. Regular newsletters could update consumers on new products, provide tips for using the products, and share customer testimonials to build trust.

### **Traditional Media**

Traditional media, including TV, newspapers, and industry journals, should not be neglected, especially considering Carl's age group. According to a report by Yle Uutiset (2022), traditional television still reaches a broad audience in Finland, with older viewers spending more time watching TV.

In summary, a combination of digital and traditional media would provide a balanced communication strategy for Aliqulov Mirzahmad in the Finnish market, catering to the different preferences of potential customers.

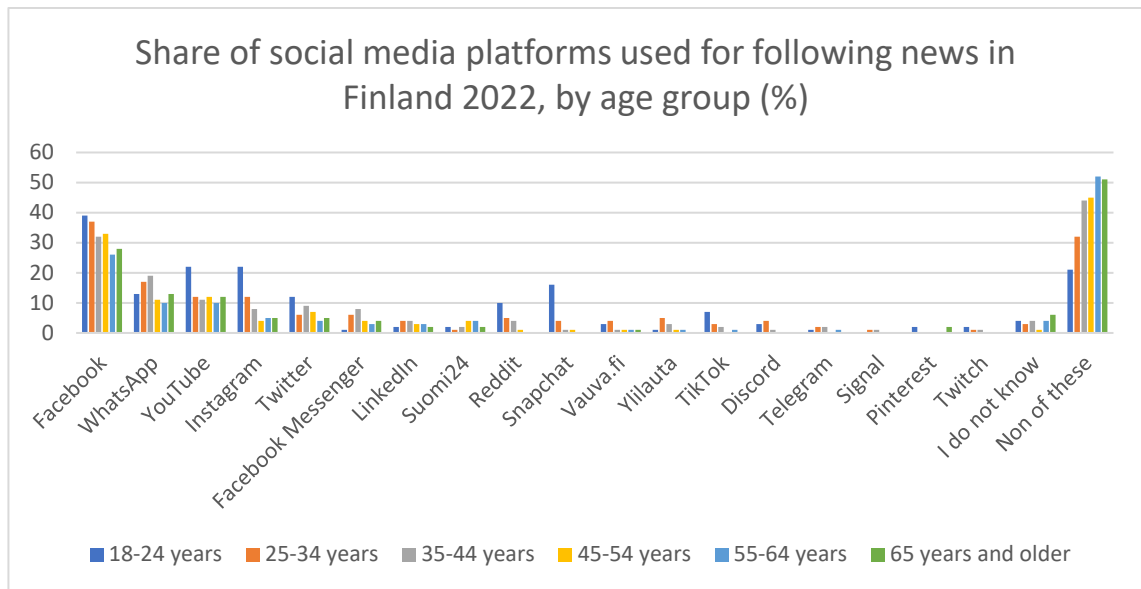


Figure 6. Share of social media platforms used for following news in Finland 2022, by age group (%) (Media-alan tutkimussäätiö 2022, 56).

## 6.4 Market segmentation

This section focuses on the identification and characterization of two types of buyers in the Finnish construction and finishing materials market: individual homeowners and professional buyers.

### Individual Homeowners:

These are the people who live in Helsinki and other neighboring cities. They are typically aged between 30 and 60 and work in various fields, including both blue-collar and white-collar jobs. They represent the middle to high-income class and have a preference for Italian-style interior decorating.

The key characteristics of this buyer persona, identified through a comprehensive market study (MarketLine 2023), include:

- Age: 30 - 60
- Location: Helsinki and other neighboring cities (Statistics Finland 2023)
- Occupation: Various (both blue-collar and white-collar jobs) (Eurostat 2023)
- Income Level: Middle to High (OECD 2023)
- Preferences: Italian-style interior decorating (Euromonitor International 2023)
- Values: Quality, affordability, ease of use, environmental sustainability (Nielsen 2023)

These individuals seek high-quality, affordable construction and finishing materials that are easy to use and environmentally sustainable. They value art

and uniqueness, reflecting an emerging trend in Finnish interior design towards Italian-style aesthetics (Euromonitor International 2023).

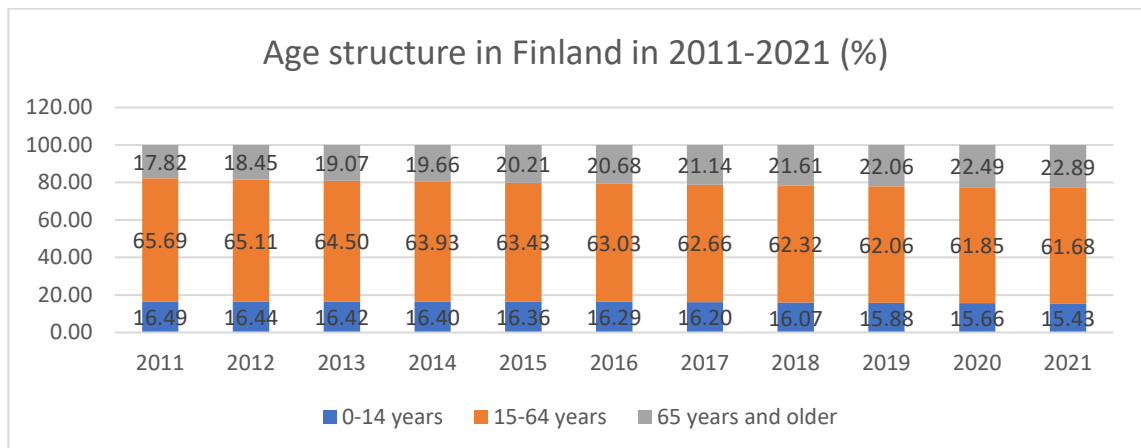


Figure 7. Age structure in Finland in 2011-2021 (%) (World Bank 2023).

### Professional Buyers:

Professional buyers typically consist of contractors, interior designers, and property developers who require construction and finishing materials for their projects. They prioritize product quality, durability, supplier reliability, and cost-effectiveness. They work in both residential and commercial real estate development across Finland.

The key characteristics of this buyer persona include:

- Occupation: Contractors, Interior Designers, Property Developers
- Location: Across Finland
- Preferences: High-quality, durable construction and finishing materials
- Values: Product quality, supplier reliability, cost-effectiveness

These professional buyers value a reliable supplier who can consistently deliver high-quality products. They seek materials that are durable, resistant to wear and tear, and capable of maintaining their performance and aesthetics under the demanding conditions of construction and interior decorating projects. The cost is also an important factor, but not at the expense of quality and durability. Based on this buyer persona research, Aliqulov Mirzahmad should aim to cater to the needs of both individual homeowners and professional buyers by offering



high-quality, affordable, and unique construction and finishing materials that align with preferences and values.

	Individual Homeowners	Professional Buyers
Age	30-60	N/A
Location	Helsinki and other neighboring cities	Across Finland
Occupation	Various (both blue-collar and white-collar jobs)	Contractors, Interior Designers, Property Developers
Income Level	Middle to High	N/A
Preferences	Italian-style interior decorating	High-quality, durable construction and finishing materials
Values	Quality, affordability, ease of use, environmental sustainability	Product quality, supplier reliability, cost-effectiveness

Table 7. Buyer Persona Characteristics.

## 7 Risks

In order to provide a more detailed risk assessment, it would be necessary to consult in-depth industry-specific resources, data, and literature that I do not have access to. However, I will expand on the potential risks based on my current knowledge and provide relevant examples where possible.

**Market Risk:** As reported by Statistics Finland, the construction sector has faced ups and downs in the past years (Statistics Finland 2023). While there is a trend towards renovation and repair in the existing buildings, tastes and preferences can vary greatly within the Finnish population. The company will need to monitor the market closely and adjust its product offerings to match

evolving consumer preferences. Market research and customer feedback will be crucial for mitigating this risk.

**Regulatory Risk:** Finland, being a part of the European Union, follows the EU directives and standards for construction products (EUR-Lex 2023). There is a risk that Aliqulov Mirzahmad's products may not meet these standards.

Changes in these regulations or the introduction of new ones can pose a risk, as they may require alterations in the production process or the products themselves. Legal advice and compliance checks can help manage this risk.

**Supply Chain Risk:** As per the World Bank Logistics Performance Index, Uzbekistan ranks lower than Finland (World Bank 2023). Any logistical issues in Uzbekistan or the transit countries can disrupt the supply chain, potentially delaying product deliveries. Strong relationships with suppliers, diversification of supply sources, and regular monitoring of logistics performance can help mitigate this risk.

**Competition Risk:** The Finnish market has several established competitors in the construction and finishing materials sector, such as Nova Color, BelleArti, and Cementfabriken. These have strong footholds in the market and may use aggressive strategies to retain market share. Regular competitor analysis and differentiation strategies can help manage this risk.

**Cultural Risk:** Cultural differences can lead to misunderstandings or miscommunications in marketing messages or business dealings. According to Hofstede's cultural dimensions, Finland and Uzbekistan have significant differences in power distance, individualism, and uncertainty avoidance (Hofstede Insights 2023). The company will need to understand these cultural differences and tailor its communication and business strategies accordingly.

In conclusion, to manage these risks, Aliqulov Mirzahmad needs to conduct regular market monitoring, ensure regulatory compliance, strengthen supply chain management, perform competitive analysis, and understand Finnish cultural norms.

## 8 Logistics and legislation

### 8.1 Distribution channels

Distribution channels, or marketing channels, are group of mutually dependent companies included in a process that **make** products available for usage or consumption (Kotler 2001, 530). The size of a distribution channel depends on the type of product, the producer's economic capabilities, the characteristics of the market segment and so on. A distribution channel consists of a **producer**, retail and wholesale, insurance companies, transportation companies, banks, warehouses, and key accounts especially from the industrial market (Vesna 2015).

Helsinki, the capital city of Finland, is a dynamic and strategically located logistics hub for the Nordic and Baltic regions (European Commission 2022). Its well-developed infrastructure, coupled with its location as a gateway between Europe and Asia, offers considerable advantages in terms of product distribution (Helsinki Business Hub 2023). Its robust transport links via road, rail, sea, and air provide easy access to various Finnish and international markets, making it an ideal choice for Aliqulov Mirzahmad to distribute its products.



Figure 8: European Strategic Logistics Hub (Supply chain movement 2016).

Aliqulov Mirzahmad has identified three potential distribution methods: direct export, utilizing distributors or sales agents, or participating in trade fairs and exhibitions.

**Direct Export:** This method offers the greatest degree of control over the distribution process. For direct exporting to be effective, partnerships with local Finnish retailers would be advantageous. Potential partners could include S-group, K-group, Würth, Remox, Domus Classica, Décor H, and Stark Helsinki Herttoniemi, all of which are well-established outlets for construction and finishing materials (Business Finland 2023).

**Distributors or Sales Agents:** Collaborating with local agents can provide in-depth knowledge of the Finnish market and reduce the logistical load on the company. Construction companies like Kaukomaalaus could be potential partners, providing access to an established network of construction and finishing businesses (Business Finland 2023).

**Trade Fairs and Exhibitions:** Participation in industry-specific events like Maxpo, Tampere Smart City Expo & Conference, Habitare, and FinnBuild can be an effective way to showcase products, engage with potential customers, and build business relationships. FinnBuild, in particular, is one of the largest exhibitions for construction materials in the Nordic region (FinnBuild 2022).

Distribution Method	Advantages	Potential Challenges
Direct Export	High control, potential for larger profit margins	Requires more effort and resources, greater risk
Distributors or Sales Agents	Local market knowledge, reduced logistical load	Lesser control, distributor/agent fees
Trade Fairs and Exhibitions	High visibility, opportunity for networking	High costs, time-consuming

Table 8. Comparison of Distribution Methods

These distribution strategies could be used independently or in combination, depending on market dynamics and the company's resources and capabilities.

8.2 Shipping, warehousing and forwarding procedures

Shipping, warehousing, and forwarding procedures are the core components of the logistics operations in international trade. Proper planning and management of these elements are essential for Aliqulov Mirzahmad, particularly given the intricate transportation routes involved in transiting goods from Uzbekistan to Finland. The partnership with Gianti Logistics offers several transportation plans, each with its advantages and challenges.

The primary shipping option offered by Gianti Logistics for Aliqulov Mirzahmad involves land transportation via truck, starting from Tashkent, crossing Kazakhstan and Russia, and finally entering Finland in Vaalimaa as an Uzbek product (Gianti Logistics 2023). This option usually takes between 10 to 15 days, and the comprehensive plan includes all the necessary logistics procedures and documentation.

Route	Transit Time	Transportation Mode
Tashkent to Kazakhstan	1 day	Truck
Kazakhstan to Russia	5-6 days	Truck
Russia to Vaalimaa, Finland	7-8 days	Truck

Table 9. Land Transportation Plan

Table 9 provides a rough overview of the timeline for the preferred land transportation plan.

An alternative option includes air freight with a route from Tashkent to Istanbul to Helsinki. This process is much quicker, typically completed within a day, and offers 4-5 flights per day (Air Logistics 2023). However, the product's substantial

weight makes air transportation expensive, and current restrictions on Ukraine's airspace make this option less feasible.

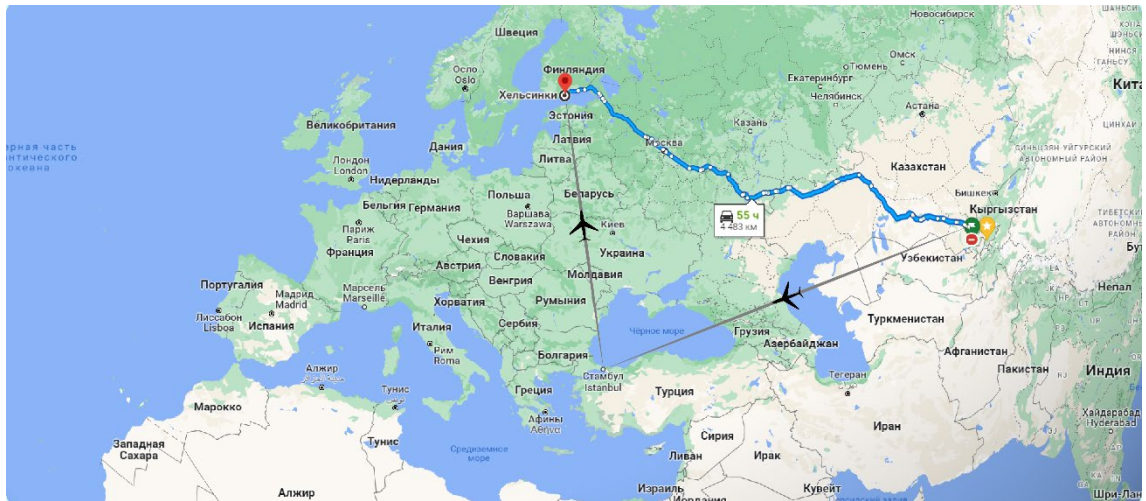


Figure 9. Visualization of the Transportation Options

Each of these options involves different warehousing and forwarding procedures, varying in complexity, cost and time requirements. A thorough consideration of these elements would allow Aliqulov Mirzahmad to identify the most efficient and cost-effective logistics strategy that aligns with the nature of the product and market requirements.

### 8.3 Incoterms and legal requirements

In international trade, careful selection of appropriate Incoterms (International Commercial Terms) is vital to ensure smooth logistics and a clear demarcation of responsibilities between buyers and sellers. For Aliqulov Mirzahmad, a firm leveraging its partnership with an experienced logistics company, the choice of the Incoterm Delivered Duty Paid (DDP) represents an effective strategy for delivering goods to Nordic countries, particularly Finland, from Uzbekistan. The selection of DDP is influenced by several factors, including cost-effectiveness, expertise in logistics, and evolving geopolitical factors (International Chamber of Commerce 2020).

Under DDP terms, the seller assumes responsibility for delivering the goods to the buyer's specified location, handling all logistical procedures, duties, and risks associated with the transportation of goods (ICC 2020). This arrangement becomes more feasible and efficient when the transportation and customs costs are low compared to the product's cost, which is the case for Aliqulov Mirzahmad.



Moreover, the partnership with a logistics company well-versed in Nordic region shipments further enhances operational efficiency and risk mitigation (Gianti Logistics 2023).

Importing goods to Finland from Uzbekistan involves adhering to the rules and regulations set by the Finnish Customs (Tulli), which oversees the enforcement of import duties and the management of goods entering and exiting the EU. A comprehensive understanding of these regulations is essential to avoid legal complications (Tulli 2022).

Significantly, the geopolitical **dynamics, namely** the war between Russia and Ukraine, have raised concerns over the continuity and stability of transnational shipment routes. Given the ongoing conflict, transiting goods through Russia could potentially expose the goods to unexpected sanctions and trade interruptions. However, according to a consultation with Gianti Logistics, the products dealt by Aliqulov Mirzahmad are not subjected to any transit sanctions across Russia (Alta 2023). This critical insight further solidifies the rationale for choosing DDP as the chosen Incoterm.

According to Bakhtiyor Yakubov, Sales Manager at Gianti Logistics Group, the duration of transportation for the goods is expected to be 10-15 days, crossing Kazakhstan and Russia before reaching Finland. The chosen mode of transport is by truck. To ensure compliance with customs regulations, Aliqulov Mirzahmad must use the correct Harmonized System (HS) code for the products being exported. In this case, the HS code is 6802210000, which pertains to construction and finishing materials.

Based on the consultation with Bakhtiyor Yakubov, the company's products, classified under HS code 6802210000, are not subject to any sanctions and can be transported through Uzbekistan, Kazakhstan, and Russia. This allows for smooth transit through Russia and facilitates the crossing of the border from Russia to Finland as part of the European transportation network.

Upon arrival in Finland, the goods must undergo an import declaration process, as they are being imported from outside the European Union. According to Tulli.fi (2023), a 10-digit commodity code is required for the import declaration. This

code is crucial for determining the appropriate customs duties, taxes, and other charges applicable to the shipment.

In the event of any force majeure scenarios disrupting the contracted delivery, legal recourse will adhere to European legal principles, with jurisdiction likely falling under Finnish law due to the destination of goods. As such, a half-payment in advance has been agreed upon to mitigate financial risks associated with unexpected disruptions (International Chamber of Commerce 2020).

	<b>Seller</b>	<b>Buyer</b>
Packaging	Yes	No
Loading Charges	Yes	No
Delivery to Port/Place of Exit	Yes	No
Export Duties & Taxes	Yes	No
Origin Terminal Handling Charges	Yes	No
Loading on Carriage	Yes	No
Carriage Charges	Yes	No
Insurance	No	Yes
Destination Terminal Handling Charges	Yes	No
Delivery to Place of Destination	Yes	No
Import Duties & Taxes	Yes	No

Table 10. Comparison of responsibilities under DDP

This analysis substantiates the strategic choice of DDP for Aliqulov Mirzahmad in its trade operations between Uzbekistan and Finland. By assuming maximum responsibility, the firm can capitalize on its partnership with an experienced logistics company and mitigate potential risks arising from geopolitical uncertainties.

## 9 Conclusion

This comprehensive study aimed to provide valuable insights into the strategic expansion of Aliqulov Mirzahmad into the Finnish market, with a specific focus on



the construction and finishing materials sector. Thorough analyses of the macro and micro-environments, market segmentation, potential risks, and logistical considerations have been presented. The findings presented in this study are significant, both practically and academically, as they contribute to the body of knowledge regarding international business expansion, particularly between emerging and developed markets.

From the macro-environmental analysis, it is evident that Finland offers a stable and promising environment as a potential market. As an advanced economy in the European Union, Finland demonstrates robust political, economic, and infrastructural stability. socio-cultural trends, such as a preference for quality and environmental sustainability, providing significant opportunities for a high-quality producer like Aliqulov Mirzahmad. However, cultural differences, changing market preferences, and regulatory dynamics require careful consideration and strategic planning.

The micro-environmental analysis shed light on the Finnish construction and finishing materials market. The study's findings showed the existence of two significant buyer personas - individual homeowners and professional buyers. Both these segments demonstrated distinct preferences and needs, highlighting the importance of a differentiated market approach. It is crucial for Aliqulov Mirzahmad to understand these nuances and adjust its product offerings to meet these unique requirements.

The identified potential risks associated with market, regulatory, supply chain, competition, and cultural aspects highlight the complexities of international business expansion. By taking proactive measures, Aliqulov Mirzahmad can mitigate these risks. Regular market monitoring, ensuring regulatory compliance, strengthening supply chain management, performing competitive analysis, and understanding Finnish cultural norms are essential knowledge to manage these risks effectively.

The logistical and legislative considerations underlined the importance of effective distribution channels and an understanding of international trade procedures. The choice of the Incoterm DDP, for example, not only enhances operational efficiency but also mitigates potential geopolitical risks.

The final part of the thesis focused on the taxation and customs requirements for importing construction and finishing materials into Finland. Adherence to these rules is crucial to prevent legal complications and maintain smooth business operations.

The insights gathered from this study provide Aliqulov Mirzahmad with a comprehensive understanding of the Finnish market and the strategic considerations for successful expansion. They underline the importance of continuous market research, customer-centric approaches, risk mitigation strategies, and a firm understanding of logistics and legislative requirements.

However, as with any study, there are limitations that offer opportunities for further research. Changes in political, economic, and market conditions can impact the strategies outlined in this thesis. Regular updates and revisions would be beneficial to maintain the relevancy and applicability of these strategies.

In conclusion, the strategic market entry of Aliqulov Mirzahmad into Finland represents a significant step in the company's growth. If well implemented, the findings from this thesis can guide the company towards successful expansion, contributing to the broader aim of fostering robust business ties between emerging and developed markets. As a marketing specialist and scholar, it is rewarding to contribute to this process, further underlining the importance and impact of rigorous academic research in practical business applications.

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