



Market Entry Expansion into the German Market

Case Study Incoach Oy

Bachelor's thesis
International Business
Winter 2024
Linda Vuorio

International Business -koulutus

Tekijä Linda Vuorio

Työn nimi Market Entry Expansion into German Market: Case Study Incoach Oy

Ohjaaja Faisal Shahzad

Tiivistelmä

Vuosi 2024

Opinnäytetyön tarkoituksena on tutkia sopivinta lähestymistapaa case-yrityksen pääsyyn Saksan pelimarkkinoille. Case-yritys Incoach on Suomen johtava pelivalmennus- ja pelikoulutusyritys Suomessa. Incoach tarjoaa räätälöityjä esports-kursseja ja heidän palveluihinsa kuuluu myös pelikasvatuskerhotoiminta.

Tämän opinnäytetyön tavoitteena on analysoida optimaalista lähestymistapaa yrityksen toiminnan viemiseksi Saksaan. Opinnäytetyön tekijän tavoitteena on tutkia sopivinta liiketoimintamuotoa laajentaa Saksan markkinoille ja tutkia case-yrityksen kansainväliseen laajentumiseen liittyviä keskeisiä tekijöitä. Opinnäytetyön ensisijaisena tavoitteena on tunnistaa ja ymmärtää tärkeimmät tekijät, jotka vaikuttavat case-yrityksen markkinoiden laajentumisstrategiaan Saksassa. Opinnäytetyön tavoitteena on etsiä kirjallisuudesta olennaista tietoa siitä, millainen markkinoille pääsy strategia on Incoach-yhtiölle toteuttamiskelpoinen. Opinnäytetyön teorian kehys keskittyy aiheeseen "Markkinoille pääsy, pienten peliyhtiöiden laajentuminen Saksan markkinoille".

Vienti on suoraviivaisin ja mutkattomin tapa lähteä ulkomaisille markkinoille, jolloin yrityksen säännöllinen toiminta häiriintyy mahdollisimman vähän ja riskit ovat pienemmät kuin vaihtoehtoisissa strategioissa. Erityisesti yrityksille, joille kansainvälistyminen on uutta, viennin valitseminen markkinoille pääsyn menetelmäksi on suositeltavaa, koska se on menetelmänä joustava ja siihen liittyy rajallinen resurssisitoumus ja rajatut riskit. Vientiä pidetään vähiten riskialttiina markkinoille pääsyn muotona, ja sille on ominaista rajalliset riskit, mikä tekee siitä hyödyllisen valinnan. Nämä tekijät korostavat strategisia etuja, jotka liittyvät vientiin markkinoille tulotapana. Näin ollen opinnäytetyön kirjoittaja suosittelee, että Incoach käyttää vientiä ensisijaisena markkinoille pääsyn strategianaan.

Haastateltavien joukossa käytiin useita keskusteluja Saksan markkinoiden valintaan liittyvistä strategisista näkökohdista. Se tunnustettiin vaativaksi markkinaksi, jolla oli potentiaalisia etuja referenssien ja kasvun kannalta. Menestys Saksan markkinoilla nähdään arvokkaana referenssinä, joka voi avata ovia muille markkinoille.

Avainsanat Kansainvälistyminen, Markkinoille tulo, Markkinoille pääsyn tavat, Pienet ja keskisuuret yritykset

Sivut 48 sivua ja liitteitä 3 sivua

International Business

Author Linda Vuorio

Subject Market Entry Expansion into German Market: Case Study Incoach Oy

Supervisors Faisal Shahzad

Abstract

Year 2024

The purpose of the thesis is to investigate the most suitable approach for the case study company's entry into the German gaming market. The case company Incoach is Finland's leading game coaching and game training company in Finland. Incoach offers customized esports courses, and their services also include game education club activities.

The focus of this thesis is to analyse the optimal approach for exporting the operations of the company to Germany. The author aims to explore the most suitable form of business for expanding into the German market, investigating key factors associated with the international expansion of the case company. The primary goal is to identify and understand the main determinants influencing the market expansion strategy for the case company in Germany. The aim of the thesis is to search the literature for relevant information on what kind of market entry strategy is viable for Incoach company. The framework of the thesis theory focuses on the topic "Market Entry Expansion of Small Gaming Company into the German Market".

Exporting stands out as the most straightforward and uncomplicated method to venture into foreign markets, with minimal disruptions to a company's regular operations and lower risks compared to alternative strategies. Particularly for companies new to internationalization, choosing exporting as the market entry method is recommended due to its inherent flexibility, involving limited resource commitments and concise risks. Acknowledged as the least risky form of market entry, exporting is characterized by limited risks, making it an advantageous choice. These factors underscore the strategic advantages associated with adopting exporting as a market entry mode. Consequently, the author recommends Incoach to employ exporting as its preferred market entry strategy.

Among the interviewees there were several discussions about the strategic considerations for choosing the German market. It was recognized as a demanding market, with potential benefits in terms of references and growth. Success in the German market is seen as a valuable reference that can open doors to other markets.

Keywords Internationalization, Market entry, Market entry modes, Small and medium-sized enterprises

Pages 48 pages and appendices 3 pages

Content

1	Introduction	1
1.1	Background of the Study.....	1
1.2	Objective of the Study	4
1.3	Main Research Question and Sub Research Questions.....	4
1.3.1	Main Research Question	4
1.3.2	Sub Research Questions.....	4
1.4	Introduction of the Commissioning Company	5
2	Theoretical Framework	6
2.1	Internationalization.....	6
2.2	Uppsala Model.....	7
2.3	The International Product Life-Cycle Theory	7
2.4	The Diamond Model.....	8
2.5	Market Entry Mode.....	10
2.6	Market Entry Modes.....	11
2.7	Classifications of market entry Modes.....	14
2.7.1	Equity and Non-equity Based Entry Modes.....	14
2.7.2	Export Entry Mode.....	15
2.7.3	Direct Export.....	16
2.7.4	Indirect Export	17
2.8	Cooperative Entry Modes.....	19
2.8.1	Licensing	20
2.8.2	Franchising.....	21
2.8.3	Joint Ventures	22
2.9	Hierarchical Entry Mode.....	23
2.9.1	Merger or Acquisition.....	24
2.9.2	Greenfield Investment	24
2.10	Industry Analysis.....	25
2.11	Competitors Analysis	29
2.12	Risk Management Framework for Market Entry	31
2.13	Utilizing Digital Information Technologies in Market Entry	33
3	Research Design	34
3.1	Research Methodology	34

3.2	Data Collection	35
3.3	Reliability and Validity	37
4	Research and Findings	39
5	Recommendations	44
6	Conclusions	47
	References	49

Appendices

Appendix 1. Interview Questions

Appendix 2. Data Management Plan

1 Introduction

1.1 Background of the Study

The thesis intends to examine the best strategy for the case study company to enter the German gaming market. The main focus is on analysing the most effective method to extend the company's operations into Germany. The author aims to investigate the most appropriate business model for the case company's international expansion, exploring key factors related to entering the German market. The primary objective is to identify and comprehend the main factors that influence the market expansion strategy for the case company in Germany. This is important because Incoach has already started preliminary plans to enter the German market and Incoach would greatly benefit from the additional information provided by the thesis.

A company's growth strategy is often carried out by expanding into foreign markets. Consequently, the company engages in internationalization efforts as its products and services are being moved across borders. The company's leadership decides on the specific country, partners, and the method through which international transactions occur, known as the market entry strategy or mode. This mode refers to the particular approach or structure the company adopts to conduct its business in foreign markets. (Glowik, 2016, p. 131)

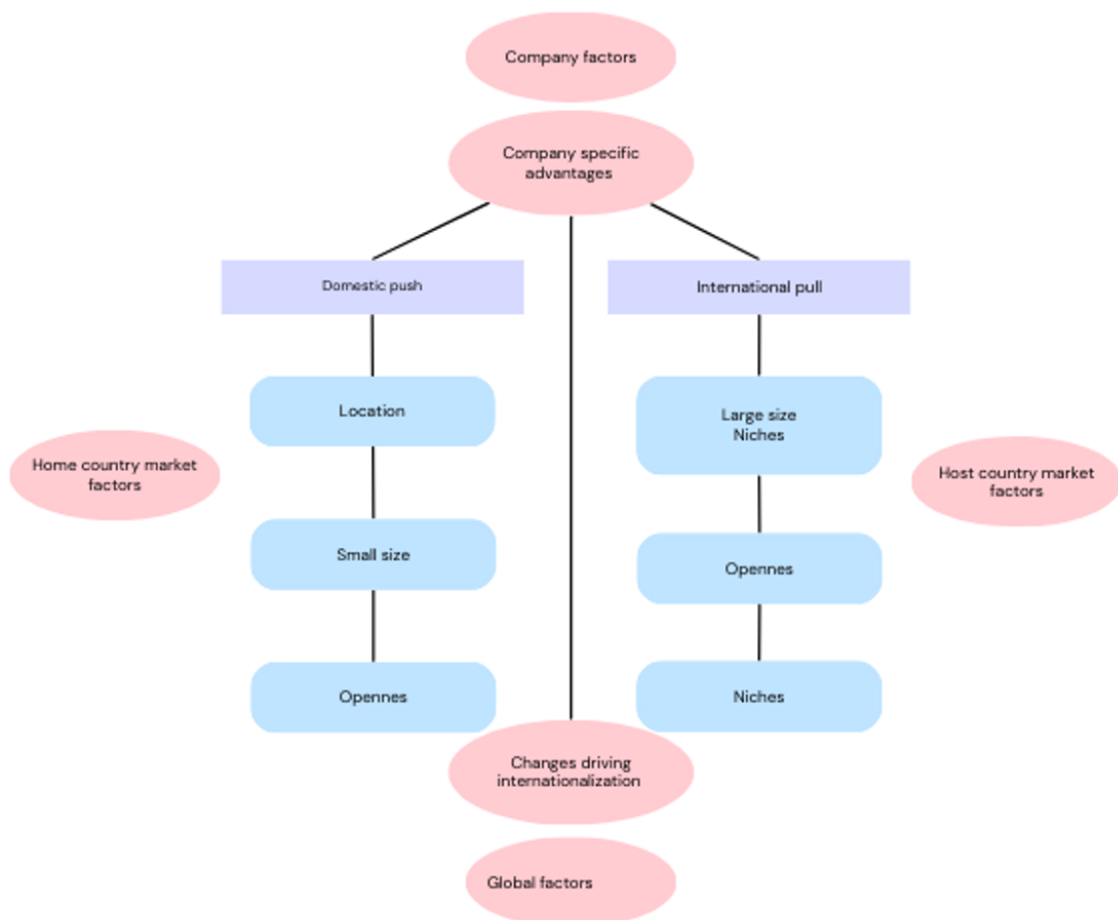
Selecting the international entry mode involves making a versatile decision that considers factors such as uncertainty and risk assessment, control over operations, level of involvement, anticipated returns, and alignment with strategic goals. (Ahi et al, 2017) The likelihood of market entry grows when company's pre-entry abilities and the required abilities are in line (Moeen, 2017, p. 1986–1987).

Internationalization is a synonym for the geographical growth of economic activities over a national country's border. In northern countries, the expansion of small and medium-sized enterprises (SMEs) into international markets has typically been described as the gradual and sequential process of enhancing involvement in global activities. This progression is commonly viewed as occurring in multiple stages. (Matlay, 2006, p.477–478) Johanson and Vahlne (1977) suggest that internationalization is a gradual progression where a company gradually expands its global engagement in incremental steps. Conversely, Calof and Beamish (1995) characterize internationalization as the adaptation of a company's operations, encompassing strategy, structure, resources to the international environment.

(Saridakis et al, 2019, p. 251) The concept of internationalization can be viewed as a progression, an outcome, and/or a mindset. As a company becomes more engaged and dedicated to serving markets beyond its home country, it experiences a heightened degree of internationalization. (Albaum & Duerr, 2011, p. 24)

Engaging in international activities can offer benefits to a company for several reasons. It opens up possibilities for creating value by granting access to new resources, involving foreign stakeholders, engaging with different institutions, and gaining unique knowledge. Expanding internationally serves to mitigate revenue fluctuations by diversifying risks across multiple countries. Additionally, internationalization offers learning advantages, enabling companies to embrace novel business practices and processes. This adaptability helps overcome local barriers to innovation and provides resources that can ultimately enhance potential returns. (Lin, 2012, p. 48)

Image 1. Factors explaining internationalization. (Albaum & Duerr, 2011, p. 20)



Entry mode choice is a strategic choice that should be backed by numerous correlated information and analysed rationally. This requires the analysis of various alternatives such as export, joint venture, acquisition, and greenfield investment following a selection criterion on which to base the final choice on. (Ahi et al, 2017)

Companies choose the most suitable entry mode into an international market by contemplating advantages such as ownership, location, and internalization. SMEs' insights about the host country's risk drastically influence their entry mode choice. Research has also revealed that challenges arising from the conditions of the host country put pressure on the resources of the company, influencing the selection of the entry mode into foreign markets for SMEs. (Laufs & Schwens, 2014, p. 1118)

Foreign market entry mode selection defines the company's extent of resource engagement to the foreign market, the risks the company will carry in the host country and the level of management a company can pursue over its foreign activities. (Laufs & Schwens, 2014, p. 1109) The foreign market entry mode choice dictates a company's organizational structure when initially entering a foreign market (Hollender et al., 2016, p. 251).

The decision to enter a foreign market is significantly influenced by these factors: information about foreign market regulations, potential customers, and overall conditions of the market. Systematic collection and usage of information about foreign markets is an enabler for SMEs' international performance. (Martín et al., 2022, p. 7) One of the biggest influencing factors in a market entry decision is market potential in the target country. Ismail, Meade and Sood (2022) argue that nations exhibiting greater social globalization tend to demonstrate a higher likelihood of accepting and approving new products. A key factor influencing the choice of markets is the potential of each country's market. (Islam et al., 2022) There are a number of key factors that affect a company's decision to whether to make market entry. Key factors that effect on the decision are expectations about market conditions in the future and scepticism about the persistence of policies that prefer exports. (Das et al., 2007, p. 838) Islam, Meade and Sood (2022) claim that market potential refers to the capacity of a market for a specific technology or product, measured by the total sales that can be generated over an extended period from the product's entry into the market until its presence matures. (Islam et al., 2022)

1.2 Objective of the Study

The author intends to examine in which form the company's operations should be exported to Germany, which form of business is the most suitable solution for market expansion into German market. In this thesis author wants to investigate important factors which are link to international expansion of the case company. Based on the findings the author will give recommendations about market entry strategy. Main objective is to identify main determinants of market expansion for case company in Germany.

The purpose of the thesis is to investigate the most suitable approach for the case study company's entry into the German gaming market. The aim of the thesis is to search the literature for relevant information on what kind of market entry strategy is viable for Incoach company. The framework of the thesis theory focuses on the topic "Market Entry Expansion of Small Gaming Company into the German Market". In theory, the author explores which market entry mode will be suitable for the case company and what factors are critical in order to expand into a foreign market.

1.3 Main Research Question and Sub Research Questions

In order to achieve the objective of the study, author has made main research questions and sub research questions.

1.3.1 Main Research Question

What would be suitable a market entry mode choice for the case company in the German market?

1.3.2 Sub Research Questions

What are the major determinants for the case company while expanding their business into the German market?

Who are the main competitors for the case company and what are their competencies?

What are the characteristics of the gaming industry in Germany and its nexus with the case company?

1.4 Introduction of the Commissioning Company

Incoach is a two-owner start-up with approximately 20 active part-time employees. The employees mainly work under their own trade name. Incoach is small to medium sized enterprise. Small and medium-sized enterprises (SMEs) are autonomous businesses characterized by having fewer than 250 employees and annual sales that do not surpass 50 million euros (Dana, 2006, p. 4).

Incoach Oy is a company founded in 2018 that offers electronic sports coaching. Their services include game clubs, game camps and electronic sports studies in educational institutions. The founder of Incoach is Christian Joutsenvuori and Zacharias Planting is working with him as a performance and wellness coach in the company. Mikko Kalijärvi is the company's training planner. Incoach's vision is that they want to bring the most important hobby of the current generation, gaming, into everyday life and educations. (Incoach, n.d)

Incoach is Finland's leading game coaching and game training company in Finland. Incoach offers teaching in 20 educational institutions with 4 academic years of experience. Incoach offers customized esports courses according to customer needs. Incoach states that their services are suitable for all ages. Incoach works with several educational institutions, companies, and esports organizations. In addition, they coach individual players and teams. The services also include game education club activities for the youngest members of the family. Incoach lists several benefits of playing, which include the development of English language skills, the development of eye-hand cooperation, strengthening social skills, feelings of success, communication, especially the ability to express things quickly and clearly develops. (Incoach, n.d)

Incoach offers guided gaming, which means regular gaming, which is often practiced in gaming groups with friends. Guided play frequently involves engaging in different group activities aimed at fostering the communication and teamwork abilities of young individuals. Additionally, playing can be entirely focused on competition and achieving specific goals, whether on an individual basis or within a team context. The company markets gaming clubs as a low-threshold hobby that also activates middle school students and those who are otherwise excluded from the clubs. Guidance brings equal successes to everyone through diverse and game-themed group assignments (Incoach, n.d)

Incoach services are carried out completely remotely and do not require any purchases from the educational institution. Participation in the trainings requires a computer or console, the

game to be coached pre-installed on the device, the Discord program, as well as a headset and microphone. Incoach promises team play in a positive and controlled gaming environment. The game coaching produced by Incoach teaches teamwork skills, handling wins and losses, decision-making and strengthens social skills. Incoach promises young people a healthy and developing gaming environment. They note the importance of mental and physical well-being. They also ensure the holistic development of the young person. Incoach offers game coaching through the Discord gaming platform. (Incoach, n.d)

Incoach's coaching package is always designed to suit the needs and wishes of the educational institution. They create individual lesson plans and coaching programs for each part of the degree to be implemented. The coaching is carried out individually or in groups. The content varies greatly depending on the game and skill level. The coaching may include, for example: developing individual skills and teamwork, or learning and refining tactics. (Incoach, n.d)

Currently, Incoach offers 3 courses: Esport Basics, Esports Advanced Course and Esports for the Advanced. The maximum number of participants in the course is 12 people and the prices of the courses start from 2800 euros. The courses include ready-made remote tools, game servers, Incoach's own esports teaching platform, and coaching programs and lesson plans. The company also offers game camps, where coaching takes place on-site, face-to-face or online. In game camps, you develop playing skills, for example, in Minecraft, guided by a coach. In the game camp, playing is done in teams, and solving challenges in groups. The tasks include planning tactics, analysing games, casting the team, and fun competitions between own team. (Incoach, n.d)

2 Theoretical Framework

2.1 Internationalization

The conventional methods of internationalization, like the Uppsala model, define internationalization as the process of acquiring, integrating, and utilizing knowledge and skills in international activities by expanding involvement in global markets. Simultaneously, recent research delves deeper into this phenomenon, defining internationalization as a multi-stage process that also exhibits a nonlinear relationship with a company's performance.

Internationalization is viewed as a strategic choice by which companies aim to enhance their engagement in global markets and increase foreign sales. (Korsakiene et al., 2021, p. 3)

Internationalization refers to the expansion of economic activities beyond the borders of a single nation, often involving the growth of businesses into international markets. In northern countries, the internationalization of small and medium-sized enterprises (SMEs) has typically been described as a step-by-step process of increasing involvement in global operations, viewed as gradual, sequential, and comprising multiple stages. (Matlay, 2006, p. 477–478)

The theory of foreign direct investment suggests that companies venture into international markets with the expectation that the benefits outweigh the costs, primarily driven by factors such as the significant market size or potential of the target country. (Islam et al., 2022)

2.2 Uppsala Model

The Uppsala Model is a theory according to which companies globalize by an incremental commitment to internationalization. As per Schlegelmilch (2022, p. 6–7), the Uppsala Model of market entry proposes that companies will advance from exporting to establishing production facilities in a foreign market. This model, pioneered by Johanson and Vahlne (1977), underscores a gradual and step-by-step approach to international expansion. It suggests that companies gradually increase their commitment to international markets as they accumulate knowledge about these markets. The Uppsala model operates on the assumption that companies aim to progressively reduce the psychic distance through continuous learning processes. (Guercini & Milanes, 2022, p. 1232)

According to the Uppsala model companies expand their operations gradually, starting by entering foreign markets that share similar cultures and institutional environments before advancing to more diverse host countries. This progression typically begins with exporting, then evolves to establishing subsidiaries or joint ventures, and ultimately culminates in setting up wholly owned operations. (De Villa et al., 2015, p. 421–422)

2.3 The International Product Life-Cycle Theory

The Product Lifecycle theory posits that each product undergoes a four-stage lifecycle, comprising Introduction, Growth, Maturity, and Decline stages. In order to remain competitive in the global market, companies must be adept at adjusting their product development and marketing strategies to accommodate changing technologies, preferences, and other market dynamics as the product progresses through its life cycle. (Bian-Bian et al 2019, p. 154) In

the 1960s, Raymond Vernon, a professor at Harvard Business School, formulated the product life cycle theory. Originating from the marketing domain, this theory outlined three clear phases in a product's life cycle: introduction, growth, and maturity. It was assumed by the theory that the production of the new product would be solely conducted in the home country where it was initially developed. (Saylor Academy, n.d)

The theory of the international product life cycle, developed by Vernon in 1966, was based on panel research of U.S. enterprises. Vernon expanded upon existing trade theories by Heckscher-Ohlin and Leontief in 1972. The theory posits that limited information flow across national borders and predictable changes in products influence companies internationalization strategies. The model is based on assumptions that the production process involves economies of scale, the product life cycle evolves over time, and consumer preferences vary among countries, meaning each product doesn't represent a fixed proportion of expenditure across income levels. The international product life-cycle theory suggests that a product's entry into a foreign market is determined by its stage within the product life cycle specific to that country. In conclusion, a company's market entry strategies are contingent on the product's stage in its life cycle. Initially, the newly developed and innovative product is created, manufactured, and sold in the domestic market. Subsequently, the second phase involves exporting the product, and as it matures, the company initiates direct investments abroad. Eventually, there is a rise in imports which means that there is a decline phase of a product's life cycle, production in the home market stops, and demand is entirely fulfilled by foreign markets. Today, due to globalized trade patterns and intense competition, technology product life cycles are shorter. (Glowik, 2016, p. 20–21)

2.4 The Diamond Model

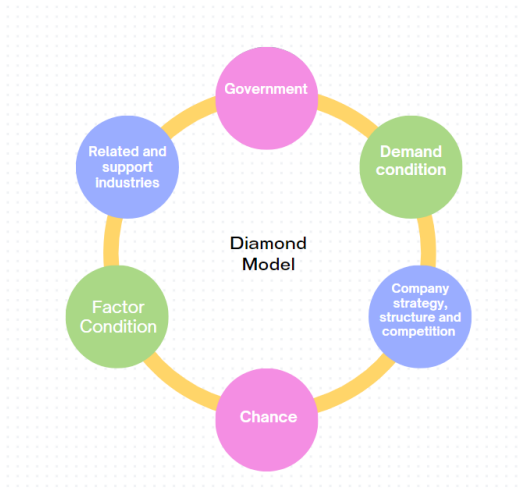
Porter's diamond model is an efficient methodology to analyse the competitive benefits of a national industry. The diamond model sums up the factors influencing the competitiveness of an industry. It emphasizes both the strategies adopted by companies and the actions of the government, illustrating how an industry can enhance its competitiveness based on the identified factors. (Zhao et al., 2011, p. 4964)

According to Porter, competition in various industries has globalized not just in manufacturing but also considerably in services. Companies use authentically global strategies, encompassing worldwide sales, global sourcing of components and materials, and the

creation of operations in multiple countries to utilize diverse national resource abilities. Porter's diamond approach to internationalization originates from his empirical observation, proposing that enterprises achieving global success, known as 'global champions,' often have their origins in a single country. His observation suggests that certain enterprises, owing to their industry environment, enjoy particularly favorable conditions enabling them to expand internationally and gain a competitive edge in foreign markets compared to local businesses. Porter identifies four primary factors and two additional factors that influence the attainment of a competitive advantage in international markets. These factors include production factor conditions, domestic demand conditions, supporting industries, and the company's strategy, structure, and competition. The two supplementary factors are government influence and chance occurrences. According to Porter, supporting industries within a country encompass elements such as logistics, the education system, and research and development capabilities. A sophisticated and developed network of suppliers facilitates the production of technologically advanced standards at competitive prices, as supplying firms face significant competitive pressures. Qualified suppliers can contribute substantially to further technological advancements. (Glowik, 2016, p. 40–42)

According to the Porter's diamond model, the competitiveness of businesses is shaped by conditions specific to each country. As a result, certain enterprises enjoy more favourable conditions for successful international activities due to advantageous conditions in their home markets compared to others. The diamond model fails to address the inquiry about the preferable conditions for entering a market, whether through export or foreign direct investment. Furthermore, the model concentrates on domestic market conditions, overlooking the reality that multinational enterprises engage in cross-border value-added activities based on cost considerations both domestically and internationally. The model fails to consider how other countries can affect a company's competitiveness in its home country and vice versa. (Glowik, 2016, p .44)

Image 2. Porter's diamond model. (Zhao et al., 2011, p. 4964)



2.5 Market Entry Mode

A company's growth strategy is often carried out by expanding into foreign markets. Consequently, the company engages in internationalization processes as it moves its products and services across borders. The management of the company chooses the country and relevant partners, as well as the appropriate mode of international exchange, known as the market entry strategy or mode. An entry mode refers to the institutional or organizational approach adopted by the company for conducting its business activities in foreign markets. (Glowik, 2016, p. 131)

A market entry mode represents the method used to enter a specific target country, while a marketing plan is employed to enter a particular target market. Together, they form a market entry strategy. An entry mode is defined as a structural agreement that enables a company to implement its product market strategy, either through marketing operations, such as export modes or through production and marketing operations. Production and marketing operations can be conducted independently by the company or in collaboration with others, including joint ventures, contractual arrangements, or wholly owned operations. (Albaum & Duerr, 2011, p. 392)

According to Ahi et al. (2017), an entry mode can be understood as an institutional arrangement that enables a company to introduce its products, technology, human resources, management, or other assets into a foreign country. When it comes to small and medium-sized enterprises (SMEs), most research on entry mode selection draws upon theories commonly utilized in the literature on multinational enterprises (Ahi et al., 2017). SMEs, are independent companies with fewer than 250 employees and annual sales not

exceeding 50 million euros. (Dana, 2006, p. 4). Entry mode research is pinned by five theoretical insights: Transaction cost theory, resource-based view, institutional theory, real option theory, and the eclectic framework (Müllner, 2016, p. 801). The internationalization theory recognizes transaction costs as a main impetus for internationalization (Glowik, 2016, p. 58).

2.6 Market Entry Modes

The choice of international entry mode is a versatile decision concerning the evaluation of uncertainty and risk, control, engagement, evaluated returns and other strategic objectives (Ahi et al, 2017). Company's technical ability and complementary assets have an effect on the likelihood of market entry. The likelihood of market entry grows when company's pre-entry abilities and the required abilities are in line. (Moeen, 2017, p. 1986–1987) For companies venturing into foreign markets for the first time, it has been suggested that the planning horizon for entry strategy should span three to five years (Albaum & Duerr, 2011, p. 399).

Entering foreign markets requires finding an appropriate organizational structure in order to master foreign activities efficiently. It is an essential strategic decision when a company is choosing the most suitable market entry mode. (Laufs & Schwens, 2014, p. 1109) It is extremely important for internationalizing company to choose the right international market entry mode (Ahi et al, 2017). Company can choose between several modes of foreign market entry such as exporting, contractual agreements: licensing, joint venturing, purchasing an existing company or founding a wholly owned greenfield investment. (Laufs & Schwens, 2014, p. 1109)

The fields of international business and international marketing identify macroeconomic appeal, market concentration, social diversity, and population density as the primary factors influencing market entry timing. (Islam et al., 2022) Germany is more densely populated than its two largest neighbours, France, and Poland. Germanys greatest density areas are Berlin, Ruhr, partly Saar and the commercial centres of Cologne and Düsseldorf. (Institute of Export & International Trade, 2013)

Some sources of risk originate within the entry mode. Müllner claims that entry mode dictates sources of risk as much as insecurities dictates entry mode. Consequently, Müllner points out that different entry modes should be compared to endogenous risk characteristics. (Müllner, 2016, p. 802) According to Ismal, Meade and Sood (2022) research findings it is

recommended that managers should use demand-based reviews whenever it is available in the market entry decision. (Islam et al., 2022)

A large multinational enterprise (MNE) possesses greater capacity to withstand the risk associated with a single market entry failure compared to a recently internationalized small and medium-sized enterprise (SME) (Müllner, 2016, p. 802). Diversification has been linked to reduced debt costs and lower systematic risk among MNEs. SMEs typically opt to enter markets that are geographically close or share the same language initially. (Albaum & Duerr, 2011, p. 26).

Selecting the right market entry mode is crucial for a company because an inappropriate choice can adversely impact its operations, and altering the initially chosen mode can be both costly and time-consuming. Research indicates that small and medium-sized enterprises (SMEs) are particularly vulnerable to external influences, underscoring the importance of finding an entry mode that enables effective handling of risks in the host country (Laufs & Schwens, 2014, p. 1109). It's noted that SMEs are less inclined to opt for high-commitment entry modes. Entering foreign markets is inherently risky and significantly affects a firm's performance. Understanding the factors driving market growth and their variations across countries provides substantial managerial advantages for international market selection, including improved resource allocation for manufacturing, distribution, pricing, and inventory management. (Islam et al., 2022)

Companies determine the most appropriate entry mode into an international market by considering factors such as ownership, location, and internalization advantages. For small and medium-sized enterprises (SMEs), their understanding of the risks associated with the host country significantly influences their choice of entry mode. Research indicates that challenges arising from the host country's context can strain the resources of a company, impacting the selection of entry mode for SMEs (Laufs & Schwens, 2014, p. 1118). According to the findings of Shahzad and Elenurm (2020, p. 458), it is advisable for companies to prioritize greenfield investments, especially when there is a considerable formal institutional distance between the home and host countries (Shahzad & Elenurm, 2020, p. 458).

According to prior studies companies that employ systematic and formal plans tend to achieve higher levels of performance. For small and medium-sized enterprises (SMEs), actively collecting and utilizing information about foreign markets serves as a catalyst for enhancing international performance. (Martín et al., 2022, p. 7) A study made by Martín,

Chetty and Bai (2022) confirmed that there is a positive correlation between foreign market entry, FME knowledge and SMEs international performance. Study confirms that successful international execution demands from SMEs systematic market selection and network capabilities. Their study highlights the utmost relevance of previous FME knowledge, network capability and systematic international market selection in SMEs internationalization. (Martín et al., 2022, p. 11) Through market research, SMEs can acquire objective knowledge from facts. Companies that are aiming to enter foreign markets generally gain information through reports, brochures, websites, social media, and other information sources on the Internet. (Martín et al., p. 3)

Small and medium-sized enterprises (SMEs) possessing expertise in entering foreign markets are equipped to make informed decisions regarding international business and marketing. This expertise enables them to prevent failures, efficiently address customer needs and demands, comply with legal regulations, innovate new products, and capitalize on opportunities in foreign markets. (Martín et al., p. 6)

Research hypothesizes that resource shortages restrict a smaller company's capacity to achieve more advanced and dedicated stages of internationalization. SMEs are extremely responsive to external confrontations such as international markets technological, political, and institutional environments and market alterations. The heightened susceptibility of small and medium-sized enterprises (SMEs) to external challenges poses a challenge in finding an entry mode that effectively mitigates risks in the host country. (Laufs & Schwens, 2014, p. 1111)

The main factors that could affect on decision-making process of small and medium-sized enterprises (SMEs) are factors such as limited access to information, resource constraints, and the leadership qualities and perceptions of decision-makers regarding the environment. Choosing to enter a new market through exporting, strategic alliances, or foreign investment entails considerations related to investment risk, organizational assessment, and resource reliability (Ahi et al., 2017). Typically, establishing wholly owned subsidiaries is not the initial approach taken by companies when entering foreign markets. Instead, they may transition from licensing or joint venture strategies to full ownership. (Schlegelmilch, 2022, p. 82) Also, Morchett, Scramm-Klein and Swoboda conclude that managers insight of the market is probably to define the entry mode choice. (Morschett et al., 2010, p. 63)

2.7 Classifications of market entry Modes

2.7.1 Equity and Non-equity Based Entry Modes

Equity-based entry modes include wholly owned subsidiaries and equity joint ventures, while non-equity based entry modes comprise exports and contractual agreements. Exporting involves the direct transfer of goods from a company to a foreign market, either with or without intermediaries. (De Villa et al., 2015, p. 421)

Non-equity entry modes involve relatively low initial resource commitments, which makes them particularly advantageous for small and medium-sized enterprises (SMEs) with limited resources. These modes offer flexibility, as SMEs can easily renegotiate contracts, alter business partnerships, or exit the market if needed. Since non-equity modes are contract-based, they do not necessitate a physical presence in the host country, with local agents or business partners typically handling most direct interactions in the foreign market. However, non-equity modes make less profit. (Hollender et al., 2016, p. 253) Wholly owned entry modes refer for example to greenfield investment involves initiating new operations or services in foreign markets from scratch. On the other hand, acquisitions represent a wholly owned entry mode where a company acquires a significant portion of ownership in an existing business to gain control. (De Villa et al., 2015, p. 421)

Hollender, Zapkau, and Schwens (2016) discovered that in their study, 46% of the SMEs opted for equity modes for their most recent internationalization endeavor, while 54% opted for non-equity modes. These findings are in line with previous studies on entry modes. (Hollender et al., 2016, p. 256)

Hollender, Zapkau and Schwens (2016) research results revealed that SMEs foreign market entry mode choice has no direct impact on foreign venture performance. This finding is coherent with earlier research. Studies claim that benefits and defects of equity and non-equity modes compensate each other. (Hollender et al., 2016, p. 258) If SMES have previous entry mode experience and it had been succeeded, it could use same entry mode strategy rather than trying a new entry mode (Shahzad & Elenurm, 2020, p. 466).

2.7.2 Export Entry Mode

Through the export entry mode, a company manufactures its products either in the domestic market or in other countries, and then transports them directly or indirectly to the target market. (Hollensen, 2012, p. 233) Companies that are new to internationalization should choose exporting as the market entry choice. Export as a market entry choice provides flexibility because it has small resource engagements and has concise risks. Export mode provides an effortless exit from the market where applicable. (Schlegelmilch, 2022, p. 67) Many companies prefer exporting as their primary strategy for entering foreign markets because it entails relatively low risk, cost, and familiarity with foreign markets and transactions. It's worth noting that approximately 90% of exporting companies globally are small and medium-sized enterprises. (Cavusgil et al., 2017, p. 376)

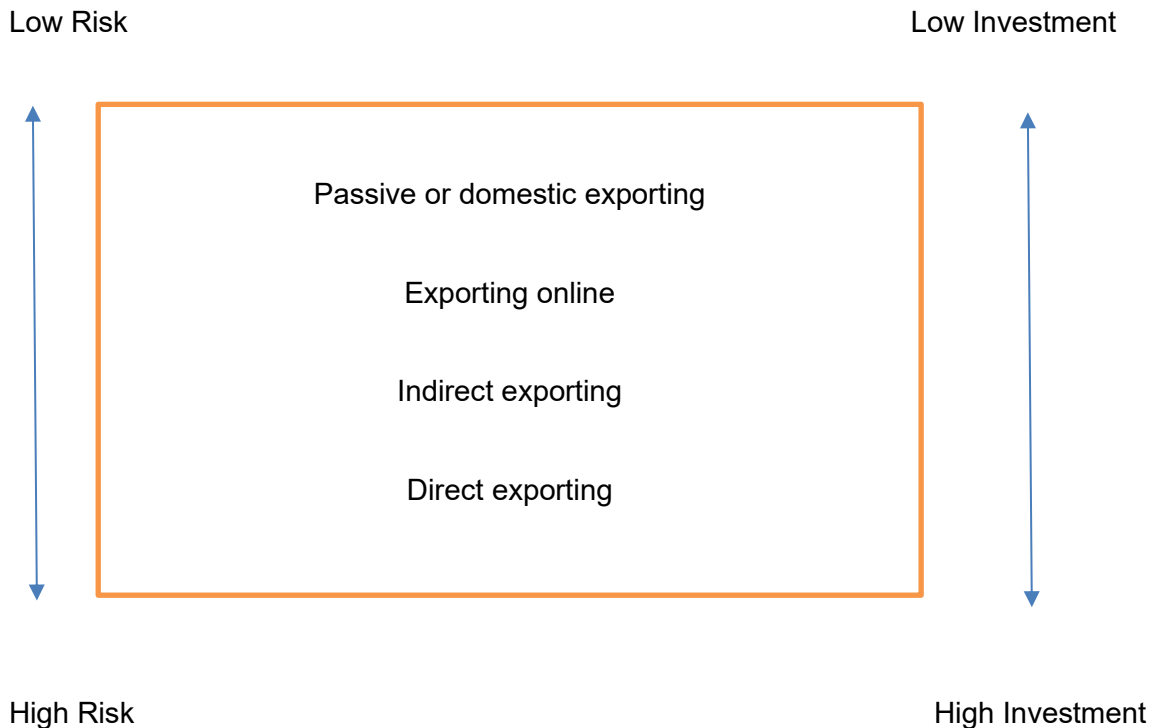
Exporting appears to be the least risky form of market entry. (Schlegelmilch, 2022, p. 83) Export sales are an excellent start to an overall export business and development model. (Cook, 2021, p. 36). Exporting represents the most straightforward and convenient method for accessing foreign markets. It minimally disrupts the regular operations of a company, with lower risks compared to other entry methods. Management typically has two exporting options to consider: indirect or direct export. (Albaum & Duerr, 2011, p. 402)

Julien and Ramangalahy's (2003) study confirms that export-related information increases the competitiveness of SMEs export strategy and international pursuance. (Julien, Ramangalahy, 2003) The study carried out by Brouthers and Nakos (2005) also confirms that employing a systematic market selection strategy provides better outcomes for SMEs compared to those that use an ad hoc approach. Exporting can serve as a means for companies to assess new markets before committing larger resources to foreign market expansion. (Cavusgil et al., 2017, p. 377) Both direct and indirect exporters often rely on trade intermediaries who assist with intricate tasks such as documentation, financing, and transportation. These intermediaries also play a crucial role in identifying foreign suppliers and customers, as well as aiding companies with market penetration efforts. (Czinkota, 2009, p. 224)

SMEs are more likely to deliver their international markets from domestic production bases through direct and indirect exporting (Carter & Jones-Evans, 2012, p. 433). The main reasons why companies begin exporting are diversifying sales, expand total sales and to gain international business experience at low cost and low risk way (Wild & Wild, 2020, p. 342–343). Ahi et al (2017) suggest that in a case where market has high uncertainty,

managers have the option to make gradual, modest, and low-risk investments rather than postponing market entry altogether. Ahi et al. suggest that they could initially enter the market through exporting and then wait for the opportune moment to expand their investment further. (Ahi et al, 2017)

Image 3. Export market entry strategies (Westwood, 2012, p. 101)



2.7.3 Direct Export

In direct exporting, the responsibility for conducting international sales activities lies with the producer. These tasks are carried out by affiliated entities that are formally part of the manufacturer's organizational structure. (Albaum & Duerr, 2011, p. 402) Direct export allows full control over marketing and selling processes (Westwood, 2012, p. 58).

The company sells directly to foreign distributors, retailers, or trading companies. Direct exporting offers manufacturers the chance to gain insights into their markets and customers, facilitating the establishment of stronger relationships with their trading partners (Seyoum, 2009, p. 96). Essentially, it involves a company engaging directly with foreign customers or markets, providing an opportunity to build relationships. (Czinkota et al, 2009, p. 222).

Direct exporting involves the producing company handling export activities and directly engaging with the initial intermediary in the foreign target market (Hollensen, 2012, p. 233). This mode includes exporting through foreign-based agents and distributors, where the manufacturer sells directly to an importer, agent, or distributor situated in the foreign market (Hollensen, 2012, p. 239). In essence, direct export occurs when a company sells its products directly to buyers in the target market, often through local sales representatives or distributors (Wild & Wild, 2020, p. 344). This approach provides access to local market expertise and contacts with potential customers, leading to a shorter distribution chain and greater market understanding, with local sales support and services available (Hollensen, 2012, p. 268).

Direct exporting involves selling company's product or service to overseas customers either directly or via agents or distributors in the overseas market. (Westwood, 2012, p. 18) Direct exporting is typically attained by contracting with intermediaries in the foreign market (Cavusgil et al., 2017, p. 379). To begin with direct selling can be cost-effective because company can start by using their current personnel and add resources as company's need them. This offers the company a chance to see how sales develop, without making substantial investments and then decide what other strategies company should adopt. As the export business develops, company can make adjustments and if the company decides that some products would be even better fitted to foreign markets with modifications, this can easily be carried out. (Westwood, 2012, p. 57)

Exporting is likely to be profitable if the company has advantageous domestic business, solid financial ground, an effective R&D effort, experienced and adaptable management and is operating profitably. (Zou et al., 2009, p. 11) Direct exporting will provide additional sales for a company, but the company will need to deal with paperwork, shipping and customs clearance. Also the company will have additional legal, financial, and accounting requirements than those that company must handle in the domestic market. (Westwood, 2012, p. 62–63)

2.7.4 Indirect Export

Indirect exporting occurs when the exporting manufacturer employs independent organizations situated within the producer's own country. Hollensen (2012) claims that companies using indirect export mode aren't really engaging in global marketing, because company's products are carried overseas by others. (Hollensen, 2012, p. 235) Indirect export means that a company makes a contractual agreement with an intermediary. The

intermediary could be an agent who represents many indirect exporters who are not in straight competition with each other. An export management company exports the company's products, collects market information and organizes shipping and documentation. Export management company may also offer distribution and storage facilities in the foreign country. (Westwood, 2012, p. 18)

Indirect exporting involves a manufacturer delegating all tasks related to foreign markets to a specialized company based in its home country. These domestic partners, known as export trading companies, handle foreign transactions on behalf of corporations. Export service providers often function as the export department for multiple companies lacking experience in exporting. (Schlegelmilch, 2022, p. 68)

Piggyback exporting refers to an arrangement where the manufacturer obtains the distribution of products through another company's distribution channel (Schlegelmilch, 2022, p. 71). Piggyback is one of the indirect export entry modes. The main indirect export modes are export buying agent, broker, export management company, trading company and piggyback. (Hollensen, 2012, p. 236) In piggybacking, an export-inexperienced small or medium-sized enterprise (the "rider") partners with a larger company (the "carrier") that already operates in foreign markets. The rider relies on the carrier to handle the export activities on its behalf, benefiting from the carrier's established presence in those markets. Piggyback marketing typically involves products from unrelated companies that are non-competitive but associated in some way. (Hollensen, 2012, p. 238)

Indirect exporting involves the manufacturer utilizing various independent marketing organizations or cooperative entities situated within their home country. With indirect export, the responsibility for conducting foreign selling activities is delegated to these external organizations. (Albaum & Duerr, 2011, p. 402) The intermediary will handle the importation, paperwork, warehousing, and shipping of goods to the end client. (Westwood, 2012, p. 63)

Indirect exporting offers companies the opportunity to enter foreign markets without all the costs and risks of direct exporting. Indirect exporting works completely through an intermediary and doesn't involve the company to handle export business itself. Indirect export is facilitated through export agents, export management firms, or export trading companies (Westwood, 2012, p. 56). This method involves exporting via an independent local intermediary who oversees the transportation of the product to overseas markets. In indirect exporting, a company relies on another entity to serve as a sales intermediary,

managing both marketing efforts and product shipment to foreign destinations (Seyoum, 2009, p. 95)

2.8 Cooperative Entry Modes

Intermediate entry modes primarily serve as means for transferring knowledge and skills. In an intermediate entry mode, ownership and control are shared between the parent company and a local partner. (Hollensen, 2012, p. 233)

Contractual agreements mean that there are contracts between a company and an agent to produce or distribute goods inside foreign markets. (De Villa et al., 2015, p. 421) Various research studies have confirmed that small and medium-sized enterprises (SMEs) often employ network strategies and effectuation approaches during the initial stages of internationalization. This enables them to acquire essential resources and identify new opportunities, thus enhancing their chances of success in international endeavors. Furthermore, several studies have highlighted the significant role of networks in facilitating the internationalization process for SMEs. (Martín et al., 2022, p. 2–3)

Cooperative market entry is usually regarded as quicker and may be favoured in high growth markets because it can evade the opportunity costs associated with delayed entry. (Morschett et al., 2010, p. 62) According to Morschett, Schramm-Klein and Swoboda (2010) 28 studies that processed country risk concluded that companies tend to favor cooperative entry modes when facing higher levels of country risk. (Morschett et al., 2010, p. 68)

Cooperative modes of entry are recommended from the learning point of view of organizational capabilities (Morschett et al., 2010, p. 62). Small and medium-sized enterprises (SMEs) that can establish and leverage interorganizational relationships are more adept at effectively identifying and capitalizing on international market opportunities. This involves assessing potential partners and collaborators to their advantage. (Martín et al., 2022, p. 6)

Martín, Chetty and Bai (2022) summarize that SMEs network aptitudes allow them to find resources, legitimacy and to establish new opportunities in foreign markets. Network capabilities improve the possibility to collaborate with reliable local partners in foreign markets. This provides small and medium-sized enterprises (SMEs) with a fantastic chance to tap into trustworthy and valuable insights from the local community. This local knowledge can unveil practical insights into how regulations are put into action, the subtleties of forming

business connections in a new market, and the adaptability needed to conform to local product standards and consumer preferences. By collaborating with local partners, SMEs can blend their own expertise with that of their partners to create distinctive products or services that benefit both parties, potentially enhancing performance outcomes. Additionally, SMEs can uncover new prospects that might not be apparent to other businesses through networking. (Martín et al., 2022, p. 7)

Morchett, Schramm-Klein and Swoboda (2010) found out in their investigation, that entering a larger market could require greater investment, making it easier to secure financial resources through cooperative agreements.. Morschett, Schramm-Klein and Swoboda (2010) found out a surprising result in their study. It was assumed that increasing market size and growth would lead to entering the market through a wholly owned subsidiary. Nevertheless, the study findings indicated that it actually results in entering the market through collaboration. (Morschett et al., 2010, p. 72)

Previous research has demonstrated that a company's network capabilities can positively impact key performance indicators such as sales growth, sales per employee, and profit attainment. Studies suggest that social capital, which is essentially the expected outcome of having strong network capabilities, exhibits a significant and favorable correlation with the performance of small businesses. Small and Medium Enterprises (SMEs) equipped with robust network capabilities possess the skills necessary to establish and maintain business connections in foreign markets. This access to foreign markets provides them with privileged access to resources and new opportunities, consequently influencing their international performance (Martín et al., 2022, p. 7). Additionally, Laufs and Schwens have concluded that social capital plays a crucial role in reducing external uncertainties associated with contractual risks, as social ties are built on trust (Laufs & Schwens, 2014, p. 1118). Moreover, according to institutional theory proposed by Prashantham (2010), social capital helps in overcoming barriers to internationalization. The network relationships fostered by social capital enable companies to establish credibility and legitimacy, facilitating their entry into new markets (Prashantham, 2010).

2.8.1 Licensing

Licensing as a foreign market entry mode provides entering a market with little capital expenses and it taps into local knowledge and expertise. The cons of licensing are little control over the product and the image promoted in the market. Licensing can also put a major risk to intellectual property which can be violated upon by the licence. (Schlegelmilch,

2022, p. 74) Contractual agreements such as licensing restrict company's resource commitment to supervising the personnel in their new work environment. (Laufs & Schwens, 2014, p. 1110)

Licensing involves arrangements where a foreign licensee compensates the licensing authority for utilizing various resources such as production facilities, trademarks, patents, technical assistance, marketing expertise, and collaborative agreements. (Albaum & Duerr, 2011, p. 402) Through licensing agreements and franchising, companies can expand into international markets while transferring a significant portion of the ownership risk to local partners (Watson et al., 2018). The licensor is not exposed to nationalization or expropriation of property (Hollensen, 2012, p. 269).

The concept of licensing involves the licensor granting permission to the licensee in exchange for compensation. This permission typically allows the licensee to produce a specific product under a patented technology in return for predetermined royalties (Hollensen, 2012, p. 246). In licensing agreements, the foreign licensee agrees to pay for the utilization of various resources provided by the licensor, which may include manufacturing facilities, processing capabilities, trademarks, patents, technical support, marketing expertise, trade secrets, or other specialized skills (Albaum & Duerr, 2011, p. 402–403). By entering into such agreements, the licensor can immediately leverage the licensee's local marketing and distribution network as well as existing customer relationships (Hollensen, 2012, p. 269).

Internationalizing SMEs tend to cooperate with partners to gain lacking and necessary knowledge and resources about the market in a foreign country. (Martín et al., 2022, p. 4) Most research indicates that small and medium-sized enterprises (SMEs) tend to opt for entry strategies with lower commitment, like licensing, especially when there's a significant psychic distance between markets. This choice aims to minimize risks and avoid costly resource losses in the event of failure. (Laufs & Schwens, 2014, p. 1121)

2.8.2 Franchising

Franchising, as noted by Albaum & Duerr (2011), is essentially a distinct form of licensing. (Albaum & Duerr, 2011, p. 402) It involves an agreement between two parties wherein the franchisor grants the franchisee the privilege to operate a business under the former's established brand name. One major benefit of franchising, as highlighted by Schlegelmilch

(2022), is the minimized investment required, allowing the franchisee to join a recognized network with relatively low capital outlay. (Schlegelmilch, 2022, p. 74–75)

Franchising, as described by Cavusgil et al. (2017), is a type of licensing agreement where a company grants another party the rights to use its entire business model in exchange for compensation such as fees or royalties. compensation (Cavusgil et al., 2017, p. 440) Essentially, the franchisor allows the franchisee to utilize the complete business concept, including trademarks, for an agreed-upon royalty. It serves as a market entry strategy involving a contractual relationship between the entrant and a local entity, wherein the former provides a complete business package that it has developed and owns to the latter. (Hollensen, 2012, p. 248–249)

International collaborative entry mode is a form of business where a company aims to pass through market by partnering with is endemic companies. (Zhao, 2016, p. 7) Franchising acts almost like a vertically integrated company, because parties are independent and each produces part of the product or service that eventually reaches the customer (Daniels et al., 2011, p. 576).

2.8.3 Joint Ventures

Joint ventures are a different type of alliances where two or more business partners share risks and rewards to maximize competitive advantage. Joint ventures provide fast, efficient and less costly market entry compared to green field investments. (Schlegelmilch, 2022, p. 78–79) A joint venture is a market entry strategy where ownership and control are shared. A joint venture is often more profitable than other approaches over a longer period of time. (Albaum & Duerr, 2011, p. 406) A joint venture refers to a collaboration between two or more companies in a business venture where each entity contributes assets, invests capital, and shares risks. The essence of a joint venture lies in the pursuit of a shared business objective. (Czinkota, 2009, p. 234–235)

In equity-based market entry mode, a joint venture means sharing knowledge or resources by two or more companies that share joint ownership and control. (De Villa et al., 2015, p. 421) A joint venture can take the form of either a contractual non-equity arrangement or an equity-based partnership. (Hollensen, 2012, p. 253). The level of resource engagement in a joint venture depends on the type of joint venture: minority, majority, or equity joint venture (Laufs & Schwens, 2014, p. 1110).

Joint ventures with local partners can lead to a profound understanding of local markets, entry into market intelligence and knowledge of the local operating environment. This can lead to better performance when acquired knowledge is utilized. (Holtbrügge & Bernin, 2018, p. 153) International alliances are commonly used as a form of market entry in countries with high insecurities or low experiential knowledge such as in less advanced economies (Zhao, 2016, p. 7). Cooperating with thoughtfully chosen local companies who have formed networks in the host country can help remarkably speed up market entry processes (Zhao, 2016, p. 13).

When entering a market collaboratively, foreign investors are poised to benefit from partnering with local entities. This collaboration enables them to develop marketing strategies and make decisions that are better tailored to the local context and customer preferences. Leveraging the knowledge and experience of the local partner facilitates a more comprehensive understanding of the market dynamics, leading to more informed choices and potentially greater success for the investors. (Zhao, 2016, p. 13)

Joint ventures are commonly formed when one party alone lacks certain necessary resources to seize an opportunity. In such arrangements, the foreign partner often brings in capital, technology, or a specific product, while the local partner offers access to facilities such as factories, knowledge of the local language and culture, and valuable connections within the region. This collaborative effort allows each party to leverage their respective strengths to capitalize on the opportunity at hand. (Cavusgil et al., 2017, p. 422)

2.9 Hierarchical Entry Mode

Hierarchical entry modes refer to strategies in which a company maintains complete ownership and control over its foreign operations (Hollensen, 2012, p. 233). Such modes typically involve direct investments in foreign facilities, which may include acquiring existing companies or establishing new operations from the ground up, known as greenfield investments (Hollensen, 2012, p. 265).

Equity entry modes allow companies to establish a stronger presence in foreign markets, fostering closer connections with customers. However, this approach demands significant managerial and financial investments to establish and manage foreign operations. On the other hand, non-equity entry modes require fewer resources and offer more flexibility, but they often result in less proximity to foreign markets and customers. (Hollender et al., 2016, p. 251)

Equity entry modes provides SME to reach the greatest market closeness through physical presence which makes it possible to monitor markets, customers, competitors, collect information and discover new trends. However, equity entry modes involve major financial and managerial resource engagements with the foreign operation and this in turn decreases the company's flexibility. Usually, equity entry modes offer better returns compared to non-equity modes. (Hollender et al., 2016, p. 253)

2.9.1 Merger or Acquisition

An acquisition involves purchasing an already established company or facility (Cavusgil et al., 2017, p. 419). Acquisitions offer a swift route into new markets, often granting access to established distribution channels, customer bases, and recognized brand names or corporate reputations. Acquisitions can take various forms: horizontal acquisitions involve obtaining companies with similar product lines and markets, vertical acquisitions entail acquired companies becoming suppliers or customers of the acquiring company, while concentric acquisitions involve obtaining companies with either similar markets but different technologies, or vice versa. (Hollensen, 2012, p. 265)

Buying an existing company capable of executing marketing and sales will be easier than making a greenfield investment because special technologies are typically not needed. Buying an existing company's operations in the target market enables a subsidiary operating comparatively quickly. (Wild & Wild, 2020, p. 355)

2.9.2 Greenfield Investment

Wholly owned subsidiaries represent the most comprehensive approach to entering global markets. This can be achieved either by establishing a completely new venture, known as a green-field investment, or by acquiring an existing entity. Wholly owned subsidiaries require significant resource commitment but offer complete participation in the market. They offer several advantages, including no profit sharing with partners, enhanced operational control, and better protection of intellectual property. (Schlegelmilch, 2022, p. 81–82)

Establishing a wholly owned foreign greenfield investment from the ground up involves significant resource investment. This is because the company expanding internationally must shoulder all the expenses associated with creating a new company and catering to the foreign market's needs. (Laufs & Schwens, 2014, p. 1110). A wholly owned subsidiary demands substantial company resources, and they can be expensive because companies

must typically finance investments. Acquiring the necessary funds can be hard for small and medium-sized companies but quite easy for the largest companies. (Wild & Wild, 2020, p. 356)

Greenfield investment in a host country carries a higher risk of significant resource loss compared to licensing agreements (Laufs & Schwens, 2014, p. 1110). Different entry modes also come with varying levels of control over foreign market activities. It is often expected that companies enter attractive markets through wholly owned subsidiaries, as this is believed to offer the greatest potential for long-term profit. (Morschett et al., 2010, p. 62) However, it's advisable for companies to avoid using wholly owned subsidiaries as a mode of entry in high-risk countries or countries with legal restrictions, opting instead for cooperative entry modes (Morschett et al., 2010, p. 71).

2.10 Industry Analysis

Germany boasts an open economy with a robust industrial base, contributing approximately one-third of its gross domestic product to exports (Siebert, 2005, p. 11). The German economy fosters free market entry and encourages competition, both domestically and from abroad. This openness heightens competitive intensity and safeguards consumers against high prices (Siebert, 2005, p. 40). Over the past decade, significant efforts by German authorities have been made to streamline the process of legal entity registration, which has incentivized foreign companies to enter the German market (Panibratov et al., 2018, p. 113). Small and medium-sized enterprises play a pivotal role in the German economy (Siebert, 2005, p. 18).

Germany is the world's fourth largest and Europe's leading and most solid economy. Germany is one of the world's favourite investment regions. Germany is full of niche-dominating small and medium-sized enterprises. (Germany Trade & Invest, 2018) Germany is the largest economy in the EU, generating a third of the area's GDP. (Siebert, 2005, p. 294) The German economy continues to thrive. However, the conditions have weakened since political risks have increased. (German Council of Economic Experts, 2018, p. 3) According to the Federal Ministry for Economic Affairs and Energy, approximately 80 % of all companies in Germany are service companies. The largest service sectors are public services, real estate services, business services and trade. (Cavusgil et al., 2019, p. 35) The German economy holds the position of the fourth largest globally and contributed a quarter to the GDP of the European Union in 2021. Moreover, it stands as the United States' primary trading partner in Europe. With a population of 83.2 million, Germany constitutes the largest

consumer market within the European Union. The importance of the German market extends far beyond its national boundaries. The main determinants to enter German markets are Germany's substantial trade volume, extensive consumer base, and strategic geographical location at the heart of the European Union which make it a pivotal focal point for numerous companies crafting their expansion strategies, both in Europe and worldwide. The German market, holding the top position in the European Union, remains appealing across various industries and is a crucial component of any comprehensive export strategy targeting Europe. While the cost of doing business in Germany is relatively high, it is offset by elevated levels of productivity, a highly skilled workforce, excellence in engineering, robust infrastructure, and a strategic central location within Europe. (International Trade Administration, 2022)

The German market is seen as attractive because human capital, workforce qualifications and the social climate are advanced. German investment attraction policy and instruments carried out by German Federal government and specified institutions also encourage investments inflows into the German economy. (Panibratov et al., 2018, p. 114) International market operators tend to favor densely populated countries due to several advantages they offer. These include economies of scale, lower transportation costs, easier access to large market potentials, stable demand, and readily available human capital. Moreover, high population density facilitates the rapid spread of innovations throughout the populace, thereby enhancing the velocity of diffusion. Market potential also increases with higher population density. However, it's worth noting that excessively high population density can lead to increased consumer expenses in acquiring accurate information, which may offset the advantages of faster knowledge transfer and slow down the speed of diffusion. (Islam et al., 2022)

In Germany, foreign investors receive similar incentive packages as domestic ones. These packages are diverse and extensive, comprising public loan programs and cash guarantees. Notably, the cash guarantees provided are more substantial for Small and Medium Enterprises (SMEs). (Panibratov et al., 2018, p. 114) The Federal Ministry of Transport and Digital Infrastructure has invested 50 million euros for fostering gaming startups in Germany (Betting Gods, n.d). Foreign investors are keen on investing in Germany because of its location, stable economy, and highly advanced infrastructure. Many studies have awarded Germany one of the most appealing investment locations in the European Union. Germany's business environment characteristics are integrity, safety, reliability, and transparency. (Institute of Export & International Trade, 2013)

According to 40 % who participated in the study carried out by Panibratov et al (2018) stated that bureaucracy was a major external challenge in Germany. Over 50 % of respondents acknowledged conflicts with trade unions as a substantial barrier when entering the German market. (Panibratov et al., 2018, p. 115) The culture of the target country largely determines whether a company can sell its products as they are or if significant modifications or entirely new offerings tailored to the chosen market are necessary. (Watson et al., 2018)

The German Council of Economic Experts claims that education for children and young people is essential if society is to be empowered for change in the long term. Measures that could help are non-school mentoring programmes and the rising use of compliant digital learning software as part of lessons. (German Council of Economic Experts, 2021)

The German coalition Government has acknowledged esports as an official sport (Giles, 2018). Germany has Europe's largest gaming market with approximately 26 million active gamers. Germany offers specialized esports education programs and training chances. Esports are supported by organizations such as Esports Player Foundation and German Esports Federation. Germany's government supports competitive gaming and also Universities provide Esports Educational Programs. (Betting Gods, n.d)

In Germany the esports scene is versatile. The most popular esports games in Germany are League of Legends, Counter-Strike, FIFA and Dota 2. (Betting Gods, n.d) Currently, approximately 786 companies in Germany are engaged in activities related to the development, marketing, or operations within the computer and video games sector. The majority of these companies are involved in both game development and publishing. Additionally, 358 game studios concentrate exclusively on creating games for PCs, video game consoles, and mobile devices. (The German Games Industry Association, 2022)

In the year 2022, approximately six in ten Germans play video games. The typical age of a German gamer is approximately 37.9 years. The German gaming market is predominantly driven by mobile gaming, with around 20% of Germans engaging in gaming activities on their smartphones. Additionally, nearly 30% of households in Germany possess at least one gaming console. Casual games, strategy games, and puzzle games stand out as the most favoured genres among players. The distribution of games in Germany is predominantly facilitated through online platforms, such as Steam and the Epic Games Store for PC, the Apple App Store and Google Play Store for mobile devices, and the PlayStation Store and Microsoft Store for consoles and PC. (International Trade Administration, 2023) Job stability

within the gaming industry surpasses that of other creative and cultural sectors. (The German Games Industry Association, 2022)

It is not common practice to use digital games in the classroom teaching in any country. However, some education systems are doing projects and experiments in this area. (European Schoolnet, 2009, p. 158)

Image 4. Expenditure on GDP (Economist Intelligence, 2023)

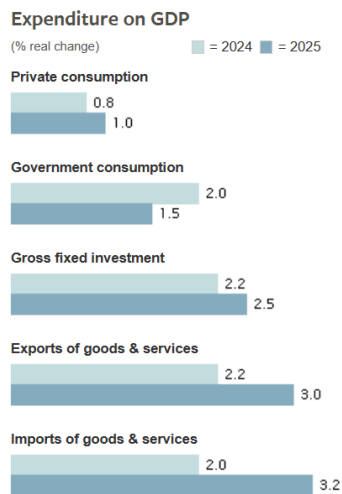


Image 5. Swot analysis for target market, Germany (Westwood, 2012, p. 78)



2.11 Competitors Analysis

In highly competitive markets, profitability tends to be lower, which often does not justify investing significant resources (Morschett et al., 2010, p. 64). Germany is a very competitive esports market that is steadily growing. Germany has throughout the country esports events, professional gamers, and teams (Betting Gods, n.d).

The German company Esports Player Foundation is a non-profit company that focuses on individual esports talents, supporting them with highly individualized development programs. They provide support in education, both at school and university levels, as well as in professional life, offering scholarships and financial contributions, physical, nutritional, and mental fitness training, professional training, and individual coaching, social media training and education and assistance for parents. The company supports their young and top athletes through in game coaching, but they also consider their clients nutrition, mind and

body. Their support measures are always geared towards the needs of athletes. (Esports Player Foundation, n.d-a)

All their services are free but in return the players are required to work on their careers and to contribute Esports Player Foundation values, which are performance, respect, and fair play. (Esports Player Foundation, n.d-b) The foundation for esports players is taking a prominent position on the global stage across various aspects. The program offers comprehensive support, including sports psychology assistance, nutritional guidance, sports medicine evaluations, as well as assistance with taxation, financial coaching, contractual matters, and targeted help for career-related issues. Each player receives personalized services from a non-profit organization, making this program unparalleled worldwide for esports players. Moreover, the program emphasizes instilling values of sportsmanship and empowers players to act as positive role models for millions of other players. (The German Games Industry Association, 2022)

Games Academy provides professional training in game design, programming, and production. The Games Academy was established in Berlin and Frankfurt am Main. (Betting Gods, n.d). Games Academy provides educational learning in game development, it is the first and leading school for game development in Europe (Games Academy n.d).

The Foundation for Digital Games Culture spearheads projects and initiatives to promote games as a cultural asset, educational tool, and catalyst for research and innovation. Established in 2012 through a collaboration between the German Bundestag and the German games industry, the foundation receives support from a distinguished advisory council comprising 14 members from various sectors, including German Federal Ministries, Youth Protection Authorities across German states, academic institutions, and the games industry. With a primary emphasis on research, education, and culture, the foundation undertakes several research and pilot projects. During the summer of 2021, the foundation orchestrated "Remembering with Games," a virtual conference conducted in partnership with the German Cultural Council and backed by the Foundation Remembrance, Responsibility, and Future. The conference aimed to address the query: How can games potentially enhance education in the realms of history and politics, specifically concerning cultural themes of remembrance? Subsequent to the conference, the foundation launched the "Games and Remembrance Culture" online database, serving as a digital reference guide that showcases chosen games exploring pivotal moments in German and European history in diverse manners. (The German Games Industry Association, 2022)

Learning institutions like HS Mittweida, Macromedia Fachhochschule, Hochschule für angewandtes Management, and the German Academic Exchange Service (DAAD), among others, provide educational programs in esports and esports management. Additionally, Uniliga, formerly recognized as University eSports Germany, acts as a facilitator for collegiate esports in German universities. It organizes inter-university tournaments in popular esports games and builds a framework within universities to encourage student involvement in the esports scene. (Esports Insider, 2023) Uniliga, initially established under the name University eSports Germany, is a student-led startup. Its primary focus is coordinating esports competitions among students, predominantly from German universities, while also providing guidance on various aspects of university esports. Uniliga provides diverse avenues for incorporating esports into the university environment, aiming to establish it as a lasting and integral institution. The primary emphasis is on providing league opportunities for students. Across various popular esports titles, Uniliga arranges championships, small contests, and local events each semester. (Uniliga, n.d)

The German Esports Federation, ESD, provides seminars on different topics related to esports industry administration. (Betting Gods, n.d). SK Gaming is in Germany a conductive esports organisation and one of the world's most acknowledged brands in competitive video gaming. SK Gaming's has gaming training departments in Berlin and Cologne. SK Gaming's training facilities are fully dedicated for professional gaming athletes as well as their talents. SK Gaming training facilities located in both Cologne and Berlin, SK Gaming's hubs facilitate a comprehensive player treatment program focused on effective practice, physical and psychological well-being. These hubs create an unparalleled support environment for athletes, ensuring they have the optimal conditions to succeed, making SK Gaming's facilities among the best in Europe. SK Gaming was the first company that officially contracted players in the early 2000s. (SK Gaming, n.d)

2.12 Risk Management Framework for Market Entry

Various sources of risk in market entry exist at different levels, including political actors, civil society, and market forces at the country level. Müllner (2016) observes that the more granular the level of risk, the more specific and unique it becomes to the entry process. Müllner (2016) suggests that certain uncertainties in market entry can be categorized as controllable risks. While foreign markets may introduce hesitation across various levels of aggregation, companies have the opportunity to conduct investigations to identify, measure,

and manage sources of uncertainty, effectively transforming them from uncertainties into manageable risks (Müllner, 2016, p. 802–804).

As the level of aggregation of a risk increases, it becomes more challenging for companies to accurately assess its scope and transform it into a manageable form. When analyzing country-level risks, it's crucial to monitor variations at lower levels of aggregation. A thorough examination of the specific sources of risk is necessary. Adopting a fine-grained perspective on risk can improve the precision and practicality of entry mode research from a managerial standpoint. (Müllner, 2016, p. 805)

Risk and uncertainty reconcile but are very different in their impact on internationalization. The reason for this is that risk is partly controllable for entering firms but uncertainty is not. Once the risks requiring management are identified, it becomes simpler to develop a more realistic model for the chosen entry mode. While entry mode theories universally recognize the significant role of risk or uncertainty, they often fail to consistently distinguish between the two. This underscores the multi-theoretical benefit of integrating Risk Management (RM) theory into market entry research. (Müllner, 2016, p. 800–801)

Martín, Chetty & Bai (2022) assert that foreign market entry knowledge can reduce uncertainty. Reducing uncertainty in international markets can be achieved by SME managers through enhancing their knowledge of foreign market entry and employing systematic approaches to market selection. This knowledge enables managers to better comprehend the market dynamics and the factors impacting it. Martín, Chetty, and Bai (2022) also emphasize the crucial role of knowledge for SMEs in the internationalization process, which is primarily acquired through hands-on experience. (Martín et al., 2022, p. 2–5)

According to the traditional view in the internationalization literature companies dealing with uncertainty is that companies should make their decisions based on planned approaches such as in-depth market analysis beforehand to entering a host country. (Laufs & Schwens, 2014, p. 1120) Study carried out by James and Vaaler (2013), revealed that minority equity ownerships of host governments were found to lower investment risk by 13% (Müllner, 2016, p. 805).

2.13 Utilizing Digital Information Technologies in Market Entry

Companies can gain valuable information about foreign markets and potential international customers by using digital information technologies. It can also mitigate the sense of foreignness when information is gained about foreign markets cultural, political, and economical features. Modern businesses can detect and utilize market possibilities faster and across wide geographic areas through Internet-enabled communications. (Watson et al., 2018)

Technology evolutions also facilitate purely digital approaches and pure digital delivery, which often gain profits from membership fees just like Incoach gets revenue (Watson et al., 2018). Company can use an e-commerce site to establish export sales even as the first option for starting foreign trade. Online or e-commerce exporting is an export mode where a company sells products online. (Westwood, 2012, p. 11)

According to Zhao's research, she suggests that Information Technology (IT) capabilities within interfirm alliances for market entry can improve the efficiency of foreign companies by enhancing both upstream and downstream marketing outcomes. (Zhao, 2016, p. 13) IT is highly likely to enhance information exchange, thereby increasing the absorptive capacity of partner companies. (Zhao, 2016, p. 18) Global opportunities for SMEs have widened as the Internet and World Wide Web have made it easier and more affordable to contact potential customers abroad. (Albaum & Duerr, 2011, p. 27)

Digitalization is an essential element in the internationalization of small and medium- sized enterprises (SMEs). The Internet enables ones to gain knowledge about foreign markets, lessens psychic distance, speeds up market entry, enhances internationalization capabilities and aid customer relationship management. However, a significant portion of research views the Internet as a supplementary tool to integrate and improve marketing strategies for exporters, rather than solely as a direct sales channel. (Cassia & Magno, 2021, p. 268)

There are many features that distinguish digital environments from traditional IME settings such as downgraded electronic distance between buyers and sellers and fluctuating temporal distances. Digital infrastructure enables even for start-up businesses the opportunity to be born global, due to the characteristics of the digitally mediated, real-time communication channels that integrate buyers and sellers from all over the world. (Watson et al., 2018) This also gives Incoach excellent opportunities to enter the German market.

Hybrid International Market Entry (IME) strategies refer to the integration of customer relationship development through digital channels with the distribution of goods and services in foreign markets. These approaches combine both relational and digital strategies. However, implementing hybrid approaches can complicate market entry as companies must navigate risks associated with the local market while operating within the constraints of digital environments. Hybrid IME strategies focus on finding the appropriate balance of relational strategies within a channel structure that utilizes digital communication technologies to deliver the company's product or service in a foreign market. (Watson et al., 2018)

Selling directly over the Internet is convenient to initiate, facilitates swift and cost-effective dissemination of information, offers rapid feedback on new products, and grants access to a global audience. E-commerce is especially essential for SMEs that cannot afford to build a sales network internationally. Internet marketing is expanding among export companies, establishing virtual export channels that tackle infrastructure limitations. Companies can expand their international trade by translating their websites into multiple languages to cater to diverse audiences. (Daniels et al., 2011, p. 543)

3 Research Design

3.1 Research Methodology

Qualitative research seeks to comprehend how individuals interpret, understand, experience, and shape the social world. Its objectives are to produce comprehensive and contextual insights based on in-depth, detailed, and nuanced data. (Mason, 2012, p. 3) Qualitative research involves systematically studying human experiences within a specific context, utilizing methods that acknowledge and honor individual differences and perspectives. The qualitative research techniques are useful in finding out the answer to the research question. Qualitative research aims to discover the variety of viewpoints presented and which are presented by most of the study attendees. Qualitative research values the discreet textures of human experience and first-person stories. It aims to illustrate cases or micro-cultures in detail without hypothesizing the laws of human behaviour. (Lincoln, 2021, p. 3–4)

Qualitative research is a method of research focused on interpretation. It allows researchers to explore the complex social realities of people's daily lives, describing phenomena and uncovering the subjective and nuanced meanings individuals attribute to them. (Vilkkä, 2021,

p. 17) A common approach to qualitative analysis is to search for emergent themes (Veal, 2011, p. 397).

For this thesis, the author's objective was to examine in which form the Incoach company's operations should be exported to Germany and which form of business is the most suitable solution for market expansion into the German market. The author started by reviewing existing literature on market entry strategies for SMEs.

In theory, the author explored which market entry mode will be suitable for case company and what factors are critical in order to expand into a foreign market. Case company's needs were at the core of the research, therefore, the author conducted an interview with a manager to meet the purpose of this thesis. In this thesis, the research part is carried out as a literature review and a qualitative research method is also utilized in the thesis. Interviews with the company's CEO and Savings Banks employees will serve as the source of knowledge for this qualitative research.

3.2 Data Collection

For this research, four participants were interviewed within three weeks, from December 7th to December 19th. Two of the interviews were conducted via the Teams application, and two of the interviews were conducted face to face. All interviews were conducted in Finnish. The interviewees were the CEO of Incoach and 3 employees who work at Savings Bank. 2 Savings Bank employees work as company business specialists and 1 works as sales director.

No	Gender	Academic Title	Mode of Interview
1	Male	Entrepreneur, A chief executive officer	Online

2	Male	Corporate Banker	Online
3	Male	Corporate Banker	Face to face
4	Male	Sales Director at the Bank	Face to face

Qualitative interviewing refers to in-depth, semi-structured or loosely structured interviews. Qualitative interviews may include one-to-one interviews, larger group interviews or focus groups. Interviews can be carried out over the telephone, face to face or the Internet. Interviews can be topic-centred, a thematic approach where the researcher has a number of topics, themes, or issues that they intend to discuss with the interviewee. (Mason, 2012, p. 62)

Qualitative methods of interviewing all seek to gather data personally from individuals. Usually, the information is about these aspects: personal experience, attitudes, values, beliefs, opinions, and perspectives. (Leavy, 2011, p. 9–10) Qualitative data emerges from the participants approach to his or her own experiences. Qualitative research gives voice to the participants. (Burton, 2021, p. 3)

A necessary intermediate step in qualitative research based on interviews and recordings is transcription. In the case of interviews and conversation recordings, this means that the material should be written as textual files. (Koskinen et al., 2005, p. 317–318)

The interview, as a qualitative research method, involves face-to-face interactions aimed at understanding the meanings attributed by the interviewee to specific events and issues (Benzo et al., 2018, p. 183). A research interview is an intentional conversation between two or more individuals, requiring the interviewer to establish a connection and pose concise and clear questions to the interviewee. Interview is a method to collect data from interviewees about their reality that exists independently in them. (Saunders et al., 2016, p. 388)

Structured interviews use questionnaires based on a predefined and standardised sets of questions (Saunders et al., 2016, p. 391).

3.3 Reliability and Validity

Reliability and validity are concepts that pertain to the trustworthiness and accuracy of research. Improving objectivity entails ensuring the precision and comprehensiveness of research data, known as reliability. It also involves assessing the credibility of the interpretations and conclusions drawn from that data, termed as validity. (Silverman, 2016, p. 414) Enhancing objectivity entails ensuring the precision and correctness of research data which is synonymous with reliability. In interviews, the reliability of data is achieved through consistent and accurate information gathering. The interviewer's skills, question formulation, and data recording processes play a vital role in ensuring that the information collected is reliable and free from inconsistencies. The interviews were recorded, and the interview questions were presented in the same format to all interviewees.

The reliability of a study is an assessment of whether the research or the claim presented in it can be trusted. Reliability refers to the degree of consistency with which some cases are placed in the same category by different observers at different times. It is a question of non-contradiction and uniformity, where different indicators measure the same thing. Reliability also includes observational accuracy. The accuracy of observations is ensured, for example, by observing the same thing several times or by asking the same question in a different form several times. (Koskinen et al., 2005, p. 253–255) Reliability refers to the consistency of research findings, indicating whether similar results would be obtained if the study were conducted again at a later time or with a different group of participants (Veal, 2011, p. 147).

There are two types of reliability, internal and external reliability. Internal reliability relates to following good research practices and demonstrating a one-to-one correlation between data and findings. External reliability refers to testing whether research could be implemented in new settings and with same findings. (Slater & Bucknam, 2012, p. 219) One of the most usually used ways of confirming reliability is to repeat the same test again on a different occasion. If the test is reliable, it is expected that the test scores will be similar. (Jackson, 2006, p. 60)

Validity pertains to the accuracy or authenticity of a measurement. In essence, a valid measure accurately captures what it is intended to measure. It indicates whether the instrument effectively assesses the intended construct or concept. (Jackson, 2006, p. 62)

Validity is understood as the extent to which a particular claim, interpretation, or result expresses the object to which they are intended to refer. The types of validity are internal and external validity. Internal validity implies internal logic and the non-contradiction of interpretation. External validity means whether the interpretation is generalised beyond the cases studied. In practice, valid information means that the researcher must demonstrate that his or her findings are not based on false interview statements, questions or observations made about an atypical situation. The results should also become more common or, at the very least, the basics of generalizability, i.e., the population and the probability that the generalisation is incorrect, should be known. Validity means that the study must be consistent. The results of the study should logically follow the material and theory. (Koskinen et al., 2005, p.253–255)

Validity is the extent to which the data gathered genuinely reflect the phenomenon being studied (Veal, 2011, p. 147). The validity of research regards the interpretation of observations and whether the researcher is calling what is measured by the right name (Silverman, 2016, p. 414).

All research needs to refer to contracted quality checks that verify that sufficient discipline was involved in reaching conclusions that either support existing views or offer new knowledge on a particular matter. (Benzo et al., 2018, p. 185) Qualitative interviewing is usually based on a couple of cases and therefore cannot be generalized (Brinkmann, 2013, p. 144) Four individual interviews were conducted in this study and therefore the results of the study cannot be generalized. In interview research, validity can be assessed by considering whether the opinions and experiences shared by the interviewees reflect their real-life experiences and perspectives, or if they are influenced solely by the interview setting (Silverman, 2016, p. 414).

The reliability of qualitative research encompasses three main aspects: credibility, dependability, and ethical considerations. Credibility relates to the thoroughness of data collection and analysis. Research is dependable when measurement conditions, the researcher, or external factors do not influence the research outcomes. (Puusa et al., 2020) A way to improve the reliability of research is to try to make well-founded and open-ended categorisations and codings when analysing texts (Saaranen-Kauppinen & Puusniekka, 2006). In this thesis, the interviews were recorded and carefully transcribed every word. After transcription, the interviewees' answers were compared with each other and similarities and differences between the answers to the interviews were examined. The researcher also

explored what themes emerged from the interviews. The researcher did not influence the interview with leading questions or with her own comments.

4 Research and Findings

In analysing the research data, the author used thematic analysis. Theming means locating the topics relevant to the research problem, i.e., themes, from the data. Theming is one of the analytical methods of qualitative research and can be considered as a form of content analysis. The author sorted the gathered information by pinpointing the commonly used words and phrases by the interviewees. Next the author revisited the existing literature and compared categories with the content of previous studies to identify new information. (Kallinen & Kinnunen, n.d). Finally the author pinpointed five distinct categories: market research, face to face meetings, the need to build references, private schools and good staff.

Interview participants expressed initial concerns about the language barrier but were surprised to find that many Germans were comfortable communicating in English. The challenges of remote communication were highlighted, with a mention of difficulty in establishing connections and having meaningful discussions without being physically present. The preference for in-person meetings among Germans was noted. Participants highlight the importance of physical presence at industry events and fairs related to education. The idea is to stand out and gain visibility by showcasing the product in person. This is seen as a more effective strategy than relying solely on digital promotion.

“I assumed that the language barrier would have been higher. “

“I thought the language barrier would have been higher, but it didn't affect at all.”

There is a shared understanding of the need to establish credibility by obtaining references and feedback from initial pilot projects. Success in the first step is seen as a crucial factor in progressing to subsequent stages of expansion. Throughout the interviews, it was emphasized that it is very important to do proper market research before entering the market.

“Of course, the long-term plan is to get those pilots and get proof that we have had this service at school X, after which we can show other schools that this is a good thing.”

Among the interviewees, there were several discussions about the strategic considerations for choosing the German market. While it is recognized as a demanding market, with

potential benefits in terms of references and growth, there is also contemplation about whether a smaller market might be a more manageable step for growth. Participants mentioned the possibility of considering neighbouring countries like Sweden, Norway, or Denmark before expanding to Germany. The German market is perceived as challenging but with significant potential due to its large population. Success in the German market is seen as a valuable reference that can open doors to other markets.

“Personally, I would think of a slightly smaller market area, that with slightly smaller steps you are looking for that reference and growth.”

“Normally companies expand to neighbouring countries first.”

There is a consensus on the importance of thorough market research before entering the German market. This includes assessing demand, identifying competitors, and understanding the unique aspects of the market. Having contacts or local assistance for market research is considered beneficial. There is a shared perspective on the necessity of validating the need for the product in the German market. This involves assessing whether the product brings something new, addressing a specific demand, or avoiding entering a market saturated with similar products.

“Everything starts with some type of market research, that you can see if there is a demand for such a product or whether there are already competitors in the same market.”

“It is good to check whether there is such a demand for the product and specifically in the other country.”

The interviews reveal varied perspectives on market entry modes, with an emphasis on factors such as partner availability, readiness of the business concept, and the importance of personal engagement. Licensing, limited liability companies, joint ventures, and the consideration of company size and industry experience are common themes across the responses. Each participant approaches the choice of market entry mode based on the specific circumstances and the nature of the business.

“That joint venture would certainly be the very first one in it, definitely.”

“It probably depends on the size of the company and experience as well, it depends on how much experience they have in the industry.”

Building references is seen as crucial, and participants discuss strategies such as offering free services initially to gain references from influential local operators. Considering user experiences and the timing of introducing charges for the service are mentioned as important considerations. Listening to user experiences and feedback is a key component of staying updated, ensuring that offerings align with market needs and preferences. They suggested a strategy of selling a few pilots to the German market with minimal profit initially. There was an emphasis on the importance of building trust with partners in the market. The proposed method of implementation had an initial focus on establishing a presence and credibility through pilot projects. Seeking official approval, particularly from educational authorities, is viewed as a potential strategy to enhance credibility and facilitate communication.

“I guess it's that the service gets approval, and maybe if it's possible, you would get that kind of official approval.”

One interview question asked for views on the topic of how they would approach building relationships with potential distributors and clients in Germany. Interview answers revealed that the importance of face-to-face meetings was a common theme across the responses. Participants express the idea that building relationships in Germany requires personal interaction, and meeting potential distributors and clients in person is seen as a valuable approach. The cautious nature of Germans is highlighted, and participants mention the need for a long-term and thoughtful approach. Building relationships with Germans may require time and a gradual, methodical engagement to establish trust. In summary, the interviews reveal a consensus on the importance of face-to-face meetings, a cautious and long-term approach, the utilization of market research, traditional communication methods, the importance of local presence, and the value of personal engagement in building relationships with potential distributors and clients in Germany. The emphasis is on establishing trust through thoughtful and personalized interactions.

“Remote meeting is not as suitable for Germans as I am used to here in Finland.”

“The feeling has remained that I should go there and meet face-to-face.”

From the responses to the question about emerging trends or technologies in the industry that could impact the competitive landscape, several themes can be identified: Interviewees recognize the influence of artificial intelligence on how programming and digital learning takes place. The digital world, including artificial intelligence and programming, is evolving rapidly, and educational offerings may need to adapt quickly based on technological

advancements and changing needs. There is also a suggestion of incorporating rewards and incentives to enhance user engagement.

Offering comprehensive and flexible service packages that can cater to a nationwide audience is a key differentiator compared to competitors. One of the interviewees suggest that the key is to prioritize user satisfaction by incorporating rewards and gamification elements to make learning enjoyable and motivating.

“In principle, artificial intelligence can influence in some way how, for example, programming can be learned.”

“Well yes, it's at least this Ai technology, it can do big things even though I'm not that familiar with it myself. It's at least pretty hot topic at the moment.”

From the responses to the question about specific areas where these individuals believe this company has a competitive advantage over competitors, several themes can be identified: One of the interviewee empathized that they have a deep understanding of game education and guidance compared to competitors. It was mentioned also that coming from Finland gives a competitive advantage derived from the positive association with the country's gaming heritage. There was a recognition that entering the market as a Finnish game company carries a positive resonance.

“We're pretty deep in game education and guidance compared to the competitors.”

“It already has such a positive resonance, when a Finnish game company enters the market, quite many people know that quality will come from there.”

Interviewees believe in the permanence of the game industry, driven by the popularity of games among both young people and adults, but they acknowledge that predicting what young people will want in the next few years is challenging. While the industry is expected to endure, success may depend on adapting to changing player preferences and innovating engagement strategies.

“Of course, the game world will stay, it's quite clear that young people and adults also play a lot.”

From the responses to the question about identifying and analysing industry trends and their potential impact on business strategy, several themes can be identified: Interviewees recognize the influence of youth and gaming trends, particularly those popularized on platforms like TikTok. Acknowledgement that trends create opportunities, and staying aware of these trends is crucial. One of the interviewees suggests that aligning club offerings with current trends can enhance engagement and attract a wider audience.

“I would say that there are a lot of different trends in the world of youth and gaming, so in practice I would say that our clubs are really influenced by what is trending on TikTok.”

Interviews revealed that the main objective to enter the German market was to conduct practical pilots to test and assess the viability of the service in the German market. The goal is to gather real-world feedback and determine the feasibility of market entry through practical testing.

“Yes, it was quite like getting those practical pilots, to see if it works there in the market.”

From the responses to the question about German consumers' attitudes toward foreign brands, several themes emerged. The perception of German schools as having a positive but somewhat skeptical attitude toward foreign brands. Not outright rejection, but a cautious approach towards foreign companies. Half of the interviewees concluded that German consumers are conservative and may not be very experimental. German consumers may prefer domestic products and exhibit conservative behaviour in brand selection.

“If you think about German schools, it's been pretty positive, sceptical but positive.”

“The German consumer is very conservative, and I don't think they are very experimental.”

“They like to use domestic products; they are quite proud of them and want to use products that are made in Germany.”

From the responses to the question about potential customers, the responses highlighted that private schools are considered the most potential customers because of the competition among private schools, making them more receptive to diverse offerings. Interviewees saw that the product is versatile and suitable for a wide range of educational levels. One of the interviewees perceived Berlin as more open to experimentation and innovation, making it a

favourable testing environment. It was emphasized that regional differences in openness to innovation should be considered when targeting potential customers.

“Especially private schools, that they have taken it very seriously, shall we say.”

“It is clear that Berlin is more open to experimenting with new and different solutions.”

The purpose of the interviews was to find out what are Incoach company’s key resources, which give them competitive advantages? The ability to make quick decisions and adapt content rapidly was highlighted as a key resource. The advantage of being a small company is associated with this flexibility. The interviews also highlighted the fact that human resources can give competitive advantages. There was emphasis on the significance of good staff and effective recruitment. From the interviews, it was concluded that the evidence and experience gained by the company are identified as its biggest strengths which sets it apart from competitors with limited experience and smaller customer bases.

“We are a small company, and we can quickly make different decisions and change the content and maybe that kind of flexibility.”

“Good staff, that recruitment is good, that there are guys who have experience in this sector. It’s always personnel, whatever field comes to mind.”

5 Recommendations

Before market entry, companies should assess environmental factors in the market segments, the size and extent of markets must be defined, customer behaviour has to be assessed, domestic and foreign competition must be evaluated. Companies should also take a look at legal and political factors and calculate costs. (Albaum, Duerr, 2011, p. 33) Market entry strategy requires that the company has set objectives and goals in the target market, policies and resources are defined, entry mode has been chosen, the control system to monitor performance has been defined and a time schedule has been set to carry out the market entry strategy. (Albaum, Duerr, 2011, p. 399) According to Ahi et al. (2017), SMEs may initially adopt a reactive decision-making approach during their initial entry into a foreign market, and then transition to a more appropriate decision-making mode in the post-entry phase. (Ahi et al, 2017) Additionally, Laufs & Schwens (2014) note that the choice of foreign market entry mode for SMEs depends significantly on the industry in which the company operates. (Laufs & Schwens, 2014, p. 1122)

Companies strategically select their optimal entry mode into global markets by carefully considering factors like ownership, location, and internalization. The decision-making process for Small and Medium Enterprises (SMEs) is significantly impacted by their understanding of the risks associated with the host country. Additionally, research has revealed that challenges arising from the host country's specific context exert pressure on the company's resource foundation, influencing the SMEs' choices regarding how they enter foreign markets. (Laufs & Schwens, 2014, p. 1118)

Johanson and Vahlne (1977) suggest that internationalization is a gradual progression, where a company gradually expands its global engagement in incremental steps. Conversely, Calof and Beamish (1995) characterize internationalization as the adaptation of a company's operations, encompassing strategy, structure and resources to the international environment. (Saridakis et al, 2019, p. 251)

The Uppsala Model, as theorized, proposes a gradual commitment to internationalization as the pathway for companies to globalize. According to this model, the progression in the market entry evolves from initial exporting activities to eventually establishing production operations in foreign markets (Schlegelmilch, 2022, p. 6–7). Rooted in the work of Johanson and Vahlne (1977), the Uppsala Model underscores an incremental and progressive strategy for internationalization. This approach is centred on the interplay between accumulated market knowledge and strategic decisions to expand commitments in international markets. Notably, the Uppsala Model assumes that companies aim to progressively overcome the psychic distance through continuous learning processes. (Guercini & Milanés, 2022, p. 1232)

The author of the thesis recommends The Uppsala Model for its pragmatic and systematic approach to internationalization. By emphasizing a step-by-step expansion strategy, it aligns with the idea that companies can enhance their global presence through cumulative learning and strategic decision-making.

According to Ismal, Meade and Sood (2022) research findings, it is recommended that managers should use demand-based reviews whenever they are available in the market entry decision. (Islam et al., 2022) This factor was also pointed out in the interviews many times. Thesis author recommends, based on the recommendations of theory and interviews, doing in-depth market research and assurance that there is demand for the service.

Six in ten Germans play video games, and the gaming market is predominantly driven by mobile gaming (The German Games Industry Association, 2022). Job stability within the

gaming industry surpasses that of other creative and cultural sectors. There is a clear demand for services related to the game industry in Germany. There is in Germany an education system recognition: The German coalition government recognizes esports as an official sport, and there is a growing acknowledgment of the importance of digital games in education. (Giles, 2018) In conclusion, the German gaming market offers a lucrative and dynamic environment with a large consumer base, supportive government initiatives, and a thriving gaming industry, making it an ideal and strategic choice for market entry.

The main research question of the thesis was what would be a suitable market entry mode choice for the case company in the German market? The author came to the conclusion based on the literature that the best choice is exporting. The export entry mode involves the production of a company's products either in the domestic market or in third countries, with subsequent direct or indirect shipment to the target market (Hollensen, 2012, p. 233). For companies embarking on internationalization, opting for exporting as their market entry strategy is recommended. This method offers flexibility with minimal resource commitments and concise risks. (Schlegelmilch, 2022, p. 67) Importantly, exporting facilitates an uncomplicated exit from the market when necessary. Notably, many companies, especially small and medium-sized enterprises (SMEs), favour exporting as their primary foreign entry strategy due to its limited risks, expenses, and demands on knowledge of foreign markets and transactions. (Cavusgil et al., 2017, p. 376) Exporting represents the most straightforward and uncomplicated method of entering a foreign market. It imposes minimal disruptions on the company's regular operations, and the associated risks are lower compared to alternative strategies. (Albaum & Duerr, 2011, p. 402) Exporting is considered the least risky form of market entry, involving limited risk (Schlegelmilch, 2022, p. 83). These reasons highlight the strategic benefits of using exporting as a market entry mode. For these reasons, the author recommends that Incoach use export as a market entry mode.

The preference for exporting is underscored by its recognition as the least risky form of market entry, offering an excellent starting point for overall export business and development models (Schlegelmilch, 2022, p. 83; Cook, 2021, p. 36). It is considered the simplest and easiest way to enter foreign markets, with minimal consequences on the company's regular operations and lower risks compared to alternative entry methods. Management is afforded the choice between two alternatives within the exporting method: indirect or direct export (Albaum & Duerr, 2011, p. 402).

6 Conclusions

Particularly for small and medium-sized enterprises (SMEs), their assessment of risks in the host country plays a crucial role in determining their entry mode choice. Laufs and Schwens (2014) highlight that difficulties stemming from the host country context can strain a company's resources, thereby influencing the selection of foreign market entry modes. For SMEs, there is a great importance in careful consideration of various factors, including risk perception, institutional differences, and challenges in the host country context, is necessary in determining the most suitable entry mode for international markets. For SMEs, understanding and managing these factors are essential elements in making decisions about foreign market entry. (Laufs & Schwens, 2014, p. 1118)

Research conducted by Shahzad and Elenurm (2020) proposes that, in situations where there is a considerable formal institutional distance between the home and host country, companies are recommended to choose for market entry greenfield investment. The recommendation for greenfield investments in cases of high formal institutional distance provides practical guidance for companies navigating diverse international business environments. (Shahzad & Elenurm, 2020)

Germany has a thriving esports market that is steadily growing, with numerous events, professional gamers, and teams across the country. The Esports Player Foundation, a non-profit organization, plays a vital role in supporting individual esports talents through various programs, including academic assistance, scholarships, fitness training and coaching. Interestingly, all their services are provided for free, but players are expected to contribute to the foundation's values and actively work on their careers. (Esports Player Foundation, n.d-a)

In addition to the Esports Player Foundation, there is the Games Academy, which offers professional training in game design, programming, and production, positioning itself as the first and leading school for game development in Europe. SK Gaming, recognized as a prominent esports' organization in Germany, has training departments in Berlin and Cologne and is considered one of the world's most acknowledged brands in competitive video gaming. (Games Academy n.d)

There are schools in Germany that focus only on game development and gaming, but other schools do not offer courses that focus on gaming. Incoach does not have a direct competitor in German schools, but there is competition in the field in general all over Germany. In conclusion, the esports market in Germany is competitive and increasing, with various

entities and organizations contributing to the development and support of esports talents. The presence of non-profit organizations, educational institutions, and industry federations indicates a joint effort to foster the growth of esports while overcoming challenges related to competition and profitability. Across all interviews, there is a consistent emphasis on the importance of cash flow analysis and comprehensive market research before seeking financing. Understanding the payment terms, market dynamics, and having a clear business plan are considered crucial prerequisites. One participant suggests exploring joint ventures or partnerships as a potential financing and market entry strategy. This involves collaborating with a local entity that might already have a contact point with customers, allowing for shared responsibilities, and potentially securing funding through the partnership.

The main research question was what are the major determinants for a case company while expanding their business into the German market? The main determinants of entering German markets are Germany's substantial trade volume, extensive consumer base, and strategic geographical location at the heart of the European Union, which make it a pivotal focal point for numerous companies crafting their expansion strategies, both in Europe and worldwide. (International Trade Administration, 2022) According to the expertise of the interviewees, Germany is seen as a demanding market, with potential benefits in terms of references and growth. The German market was perceived as challenging but with significant potential due to its large population. Success in the German market is seen as a valuable reference that can open doors to other markets.

The sub research question of the thesis was what are the characteristics of the gaming industry in Germany and its nexus with the case company? Based on the interview, the interviewee concluded that during the Incoach venture into Germany, their initial expectation of establishing game clubs centred around playing Minecraft was not well-received. It became apparent quite quickly that there was a stronger demand for coding, emphasizing programming activities. Consequently, they had to adapt and modify their approach to align with the preferences and interests of the target audience.

References

- Ahi, A., Baronchelli, G., Kuivalainen, O., Piantoni, M. (2017). *International Market Entry: How Do Small and Medium-Sized Enterprises Make Decisions?*. Journal of International Marketing. [International Market Entry: How Do Small and Medium-Sized Enterprises Make Decisions? \(hamk.fi\)](#)
- Albaum, G., Duerr, E. (2011). *International Marketing & Export Management*. University of the West Indies. [ProQuest Ebook Central - Reader \(hamk.fi\)](#)
- Benzo, R., Mohsen, M., Fourali, C. (2018). *Marketing Research. Planning, Process, Practice*. SAGE Publications Ltd.
- Betting Gods. (n.d). *A Guide To Esports In Germany*. Retrieved November 2, 2023, from [A Guide To Esports In Germany \(bettinggods.com\)](#)
- Bian-Bian, Q., Ji-Ping, Z., Zai-Xiang, Z., Hui, S. (2019). *Establishing a dynamic ergonomic evaluation index system for complex product designs based on the theory of product life cycle*. International Journal of Industrial Ergonomics. [Establishing a dynamic ergonomic evaluation index system for complex product designs based on the theory of product life cycle \(sciencedirectassets.com\)](#)
- Brinkmann, S. (2013). *Qualitative Interviewing. Understanding Qualitative Research*. Oxford University Press. [ProQuest Ebook Central - Reader \(hamk.fi\)](#)
- Burton, B. 2021. *Qualitative Research in Governance and Accountability*. [ProQuest Ebook Central - Reader \(hamk.fi\)](#)
- Carter, S., Jones-Evans, D. (2012). *Enterprise and small business. Principles, Practice and Policy*. Pearson
- Cassia, F., Magno, F. (2021). *Cross-border e-commerce as a foreign market entry mode among SMEs: the relationship between export capabilities and performance*. Review of International Business and Strategy. [EM-RIBS210023 267..283 \(hamk.fi\)](#)
- Cavusgil, S., Czinkota, M., Knight, G. (2019). *Doing Business in Germany. A Concise Guide to Understanding Germans and their Business Practices*. Business Expert Press.

Cavusgil, S., Knight, G., Riesenberger, J. (2017). *International Business. The New Realities*. Pearson.

Cook, T. (2021). *Mastering Global Business Development and Sales Management*. The Global Warrior Series

Czinkota, M., Ronkainen, I., Moffet, M., Marinova, S., Marinov, M. (2009). *International Business*. John Wiley & Sons, Ltd

Dana, L. (2006). *Entrepreneurship and SMEs in the Euro-Zone. Towards a Theory of Symbiotic Entrepreneurship*. Imperial College Press.

Daniels, J., Radebaugh, L., Sullivan, D. (2011). *International Business. Environments and Operations*. Pearson.

Das, S., Roberts, M., Tybout, J. (2007). *Market Entry Costs, Producer Heterogeneity, and Export Dynamics*. *Econometrica*. [Market Entry Costs, Producer Heterogeneity, and Export Dynamics \(hamk.fi\)](#)

De Villa, M., Rajwani, T., Lawton, T. (2015). *Market entry modes in a multipolar world: Untangling the moderating effect of the political environment*. *International Business Review*. [Market entry modes in a multipolar world: Untangling the moderating effect of the political environment \(sciencedirectassets.com\)](#)

Economist Intelligence. (2023). *Germany*. [Germany Economy, Politics and GDP Growth Summary - The Economist Intelligence Unit \(eiu.com\)](#)

Esports Insider. (2023). *Esports Around The World: Germany*. Retrieved November 25, 2023, from [Esports Around The World: Germany - Esports Insider](#)

Esports Player Foundation. (n.d-a). *What we do*. Retrieved November 2, 2023, from [About us - esports player foundation](#)

Esports Player Foundation. (n.d-b). *Talent Support*. Retrieved November 2, 2023, from [About us - esports player foundation](#)

European Schoolnet. (2009). *How are digital games used in schools? Complete results of the study*. [Microsoft Word - Games in Schools-s0quote.doc \(videogameseurope.eu\)](#)

Games Academy. (n.d). About the Games Academy. Retrieved November 2, 2023, from [About the Games Academy \(games-academy.de\)](#)

German Council of Economic Experts. (2018). *German Economy: Upturn Pushing at its Limits*. [Chapter 3.pdf \(sachverstaendigenrat-wirtschaft.de\)](#)

German Council of Economic Experts. (2021). *Shaping the Transformation: Education, digitalisation and Sustainability*. [German Council of Economic Experts: Annual Report 2021/22: SHAPING THE TRANSFORMATION: EDUCATION, DIGITALISATION AND SUSTAINABILITY \(sachverstaendigenrat-wirtschaft.de\)](#)

Germany Trade & Invest. (2018). *Germany Trade and Invest GmbH*. [Germany Trade and Invest GmbH - Doing Business in Germany \(doingbusinessguide.co.uk\)](#)

Giles, T. (2018). *Germany recognises esports as an official sport*. Inside the games. Retrieved November 2, 2023, from [Germany recognises esports as an official sport \(insidethegames.biz\)](#)

Glowik, M. (2016). *Market Entry Strategies: Internationalization Theories, Concepts and Cases of Asian High-Technology Firms: Haier, Hon Hai Precision, Lenovo, LG Electronics, Panasonic, Samsung, Sharp, Sony, TCL, Xiaomi*. Walter de Gruyter GmbH. [ProQuest Ebook Central - Reader \(hamk.fi\)](#)

Guercini, S., Milanese, M. (2022). *Foreign market entry decision-making and heuristics: a mapping of the literature and future avenues*. Management Research Review. [EM-MRRJ220069 1229..1246 \(hamk.fi\)](#)

Hollender, L., Zapkau, F., Schwens, C. (2016). *SME foreign market entry mode choice and foreign venture performance: The moderating effect of international experience and product adaptation*. International Business Review. [SME foreign market entry mode choice and foreign venture performance: The moderating effect of international experience and product adaptation \(sciencedirectassets.com\)](#)

Hollensen, S. (2012). *Essentials of Global Marketing*. Pearson.

- Holtbrügge, D., Bernin, S. (2018). *Market Entry Strategies and Performance of Chinese Firms in Germany: The Moderating Effect of Home Government Support*. Management International Review. [Market Entry Strategies and Performance of Chinese Firms in Germany: The Moderating Effect of Home Government Support | SpringerLink \(hamk.fi\)](#)
- Incoach. (n.d). *Tietoa*. Retrieved June 4, 2023, from <https://incoach.fi/tietoa/>
- International Trade Administration. (2023). *Germany Video Game Market*. Retrieved November 25, 2023, from [Germany Video Game Market \(trade.gov\)](#)
- International Trade Administration. (2022). *Market Overview*. Retrieved November 27, 2023, from [Germany - Market Overview \(trade.gov\)](#)
- Institute of Export & International Trade. (2013). *Why Germany?*. Retrieved October 30, 2023, from [The Guide - Doing Business in Germany \(doingbusinessguide.co.uk\)](#)
- Islam, T., Meade, N., Sood, A. (2022). *Timing Market Entry: The Mediation Effect of Market Potential*. Journal of International Marketing. [Timing Market Entry: The Mediation Effect of Market Potential - Towhidul Islam, Nigel Meade, Ashish Sood, 2022 \(hamk.fi\)](#)
- Jackson, S. (2006). *Research Methods and Statistics. A Critical Thinking Approach*. Thomson Wadsworth.
- Julien, P. Ramangalahy, C. (2003). *Competitive Strategy and Performance of Exporting SMEs: An Empirical Investigation of the Impact of Their Export Information Search and Competencies*. Sage Journals. [Competitive Strategy and Performance of Exporting SMEs: An Empirical Investigation of the Impact of Their Export Information Search and Competencies - Pierre–André Julien, Charles Ramangalahy, 2003 \(sagepub.com\)](#)
- Korsakiene, R., Dincer, H., Yüksel, S. (2021). *Innovation, Internationalization and Entrepreneurship*. [Innovation, Internationalization and Entrepreneurship | HAMK | HAMK Finna](#)
- Kallinen, T., Kinnunen, Taina. (n.d). *Etnografia*. Laadullisen tutkimuksen verkkokäsikirja. [Teemoittelu - Tietoarkisto \(tuni.fi\)](#)

Koskinen, I., Alasuutari, P., Peltonen, T. (2005). *Laadulliset menetelmät kauppatieteissä*. Vastapaino.

Laufs, K., Schwens, C. (2014). *Foreign market entry mode choice of small and medium-sized enterprises: A systematic review and future research agenda*. International Business Review. [Foreign market entry mode choice of small and medium-sized enterprises: A systematic review and future research agenda \(sciencedirectassets.com\)](https://www.sciencedirect.com/science/article/pii/S0950080414000111)

Lin, W. (2012). *Family ownership and internationalization processes: Internationalization pace, internationalization scope, and internationalization rhythm*. European Management Journal. [Family ownership and internationalization processes: Internationalization pace, internationalization scope, and internationalization rhythm \(sciencedirectassets.com\)](https://www.sciencedirect.com/science/article/pii/S0950080412000111)

Lincoln, T. (2021). *Qualitative Research. A Field Manual for Ministry Students*. Atla Open Press. [PDF view of the file Lincoln-QualitativeResearch.pdf \(atla.com\)](https://www.atla.com/qualitative-research)

Martín, O., Chetty, S., Bai, W. (2022). *Foreign market entry knowledge and international performance: The mediating role of international market selection and network capability*. Journal of World Business. [Foreign market entry knowledge and international performance: The mediating role of international market selection and network capability \(sciencedirectassets.com\)](https://www.sciencedirect.com/science/article/pii/S0950080422000111)

Mason, J. (2012). *Qualitative Researching*. MPG Books Group.

Matlay, H. (2006). *Critical Perspectives on the Internationalisation of SMEs*. Emerald Publishing Limited. [ProQuest Ebook Central - Reader \(hamk.fi\)](https://www.proquest.com/ebook-central/reader/1111111111)

Moeen, M. (2017). *Entry into Nascent Industries: Disentangling a Firm's Capability Portfolio at the Time of Investment Versus Market Entry*. Strategic Management Journal. [Entry into Nascent Industries: Disentangling a Firm's Capability Portfolio at the Time of Investment Versus Market Entry \(hamk.fi\)](https://www.hamk.fi/entry-into-nascent-industries)

Morschett, D., Schramm-Klein, H., Swoboda, B. (2010). *Decades of research on market entry modes: What do we really know about external antecedents of entry mode choice?*. Journal of International Management. [Decades of research on market entry modes: What do we really know about external antecedents of entry mode choice? \(sciencedirectassets.com\)](https://www.sciencedirect.com/science/article/pii/S0950080410000111)

Müllner, J. (2016). *From uncertainty to risk—A risk management framework for market entry*. Journal of World Business. [From uncertainty to risk—A risk management framework for market entry \(sciencedirectassets.com\)](#)

Panibratov, A., Ribberink, N., Veselova, A., Nefedov, K. (2018). *Entry Modes and Liability of Foreignness Effects: Evidence from Russian Firms on the German Market*. [Entry Modes and Liability of Foreignness Effects: Evidence From Russian Firms on the German Market | HAMK Finna](#)

Prashantham, S. (2010). *Social Capital and Indian Micromultinationals*. British Journal Management. [Social Capital and Indian Micromultinationals - Prashantham - 2011 - British Journal of Management - Wiley Online Library](#)

Puusa, A., Juuti, P., Aaltio, I. (2020). *Laadullisen tutkimuksen näkökulmat ja menetelmät*. [Laadullisen tutkimuksen näkökulmat ja menetelmät | HAMK | HAMK Finna](#)

Saaranen-Kauppinen, A., Puusniekka, A. (2006). KvaliMOTV – Menetelmäopetuksen tietovaranto. Reliabiliteetti. Retrieved January 8, 2023, from [KvaliMOTV - 3.3.2 Reliabiliteetti \(tuni.fi\)](#)

Saridakis, G., Idris, B., Hansen, J., Dana, L. (2019). *SMEs' internationalisation: When does innovation matter?* Journal of Business Research. [SMEs' internationalisation When does innovation matter? \(sciencedirectassets.com\)](#)

Saunders, M., Lewis, P., Thornhill, A. (2016). *Research Methods for Business Students*. Pearson.

Saylor Academy. *What Is International Trade Theory? Product Life Cycle Theory*. Retrieved November 27, 2023, from [What Is International Trade Theory?: Product Life Cycle Theory | Saylor Academy](#)

Schlegelmilch, B. (2022). *Global Marketing Strategy: An Executive Digest*. Springer International Publishing AG. [ProQuest Ebook Central - Reader \(hamk.fi\)](#)

Seyoum, B. (2009). *Export-Import Theory, Practices, and Procedures*. The Haworth Press

Shahzad, F., Elenurm, T. (2020). *Establishment mode choice of Finnish SMEs in Estonia: a case study approach*. [\(PDF\) Establishment mode choice of Finnish SMEs in Estonia: a case study approach \(researchgate.net\)](#)

Siebert, H. (2005). *The German Economy: Beyond the Social Market*. Princeton University Press. [ProQuest Ebook Central - Reader \(hamk.fi\)](#)

Silverman, D. (2016). *Qualitative Research*. SAGE Publications.

SK Gaming. (n.d). *Who we are*. Retrieved November 2, 2023, from [Who We Are – About Us | SK Gaming \(sk-gaming.com\)](#)

Slater, T., Bucknam, A. (2012). *Action Research for Business, Nonprofit and Public Administration*. Sage Publications. The German Games Industry Association. *Annual Report of the German Games Industry 2022*. Retrieved November 25, 2023, from [Annual Report of the German Games Industry 2022 | game](#)

Uniliga. (n.d). *About Us*. Retrieved November 25, 2023, from [About us – Uniliga.gg](#)

Veal, A. (2011). *Research Methods for Leisure & Tourism. A Practical Guide*. Pearson

Vilkka, H. (2021). *Näin onnistut opinnäytetyössä. Ratkaisut Tutkimuksen Umpikujiin*. PS-Kustannus.

Watson, G., Weaven, S., Perkins, H., Sardana, D., Palmatier, R. (2018). *International Market Entry Strategies: Relational, Digital, and Hybrid Approaches*. Journal of International Marketing. [International Market Entry Strategies: Relational, Digital, and Hybrid Approaches \(hamk.fi\)](#)

Westwood, J. (2012). *How to Get Started in Export*. The Sunday Times.

Wild, J., Wild, K. (2020). *International Business. The Challenges of Globalization*. Pearson.

Zhao, Z., Zhang, S., Zuo, J. (2011). *A critical analysis of the photovoltaic power industry in China – From diamond model to gear model*. Renewable and Sustainable Energy Reviews. [A critical analysis of the photovoltaic power industry in China – From diamond model to gear model \(sciencedirectassets.com\)](#)

Zhao, S. (2016). *Information technology and marketing performance within international market-entry alliances. A review and an integrated conceptual framework.*

[Emerald IMR IMR587279 5..28 \(hamk.fi\)](#)

Zou, S., Kim, D., Cavusgil, S. (2009). *Export Marketing Strategy: Tactics and Skills That Work.* [ProQuest Ebook Central - Reader \(hamk.fi\)](#)

Image

Albaum, G., Duerr, E. (2011). Factors explaining internationalization. [Image]. *International Marketing & Export Management.* Pearson [ProQuest Ebook Central - Reader \(hamk.fi\)](#)

Economist Intelligence. (2023) Expenditure on GDP [Image]. *Germany.* [Germany Economy, Politics and GDP Growth Summary - The Economist Intelligence Unit \(eiu.com\)](#)

Westwood, J. (2012). Export market entry strategies [Image]. *How to Get Started in Export.* The Sunday Times.

Westwood, J. (2012) Swot analysis for target market, Germany [Image]. *How to Get Started in Export.* The Sunday Times.

Appendix 1. Interview Questions

1 theme: market entry mode

What do you think about your expansion into the German market?

Do you have any specific plans for it?

There are always challenges in the context of finance, what do you think how your company will finance this international expansion?

If we talk about market entry mode, then there are several options, what would be your choice and why?

What factors do you consider when choosing the most appropriate market entry method?

How would you approach building relationships with potential distributors and clients in Germany?

2 theme: competitor analysis

How would you assess a competitor's market share?

How do you stay updates on your competitors' activities and changes in the market?

What do you think about capturing market share, do you have any plans, targets?

What are the emerging trends or technologies in your industry that could impact your competitive landscape?

How do you differentiate your services from those of your competitors?

Are there any specific areas where you believe your company has a competitive advantage over your competitors?

3 theme: industry analysis

Do you think this industry is going to emerge, or are there some uncertainties? How would you identify and analyze industry trends and their potential impact on business strategy?

How would you identify and analyze industry trends and their potential impact on business strategy?

What was your main objective when you decided to enter the German market?

What is your overall opinion regarding German consumers' attitude toward foreign brands?

What do you think, what kind of companies can be your potential customers?

What are your key resources, which give you the competitive advantages?

If I ask you what would be the biggest strength of your company in comparison to competitors?

What do you think about the challenges or hurdles in the foreign market? Is there any specific, please explain.

Appendix 2. Data Management Plan

During the research phase, thematic interviews will be carried out. Participation in the research is voluntary, and the research data is anonymised. During the investigation, no personal data will be stored. It's important to note that gathering personal information will not be mandatory for the thesis procedure.

1 Management and storage of research data

Participants will be offered the option to conduct the meeting either in person or through the Teams application. The interviews will involve the use of voice recording, a detail communicated to participants in the interview invitation. The material collected in the study is stored carefully and confidentially on the student's personal phone, which is protected by an access code. It's important to emphasize that none of the recordings will contain direct identifiers such as participants' names or personal information. The recording files will be labelled generically as "Recording 1," "Recording 2," and so forth, without any reference to participant names or initials.

2 Processing of personal data and sensitive data

The anonymity of the interviewees is maintained during the interviews and throughout the thesis process. The names of the interviewees are not disclosed in the thesis. Audio recordings will be destroyed when the thesis process has been completed. The finalized thesis will not include any published personal data.